Common stock	—	—
Paid-in capital	2,015	2,528
Retained earnings	423	574
Accumulated other comprehensive income	5	6
Total stockholder's equity	2,443	3,108
Total Liabilities and Stockholder's Equity	$ 8,214	$ 10,112

See Combined Notes to Consolidated Financial Statements

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

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Cash Flows from Operating Activities:			
Net income	$ 208	$ 745	$ 245
Less: Income from discontinued operations, net of tax	138	161	127
Income from continuing operations	70	584	118
Adjustments to reconcile net income to net cash provided by operating activities.			
Depreciation and amortization	293	279	249
Amortization of deferred financing costs	9	9	9
Deferred income taxes	31	(224)	56
Write-down of natural gas inventory	2	—	1
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenues, net	(155)	(143)	(122)
Accounts receivable/payable–affiliated companies	9	—	4
Inventory	17	(22)	34
Accounts payable	163	64	117
Fuel cost recovery	33	(85)	(72)
Interest and taxes accrued	—	(41)	26
Non-trading derivatives, net	98	(82)	29
Margin deposits, net	5	(55)	101
Net regulatory assets and liabilities	50	(27)	—
Other current assets	4	2	(19)
Other current liabilities	(3)	15	2
Other assets	5	(8)	(21)
Other liabilities	6	6	(2)
Other, net	1	6	2
Net cash provided by operating activities from continuing operations	638	278	512
Net cash provided by operating activities from discontinued operations	176	—	—
Net cash provided by operating activities	814	278	512
Cash Flows from Investing Activities:			
Capital expenditures	(633)	(513)	(517)
Acquisitions, net of cash acquired	—	(132)	(102)
Increase in notes receivable–affiliated companies	(114)	—	—
Other, net	3	2	1
Net cash used in investing activities from continuing operations	(744)	(643)	(618)

Net cash provided by investing activities from discontinued operations	47	297	660
Net cash provided by (used in) investing activities	(697)	(346)	42
Cash Flows from Financing Activities:			
Increase (decrease) in short-term borrowings, net	(39)	4	(5)
Proceeds from (payments of) commercial paper, net	(688)	329	350
Proceeds from long-term debt	599	298	—
Payments of long-term debt	—	(550)	(325)
Dividends to parent	(360)	(601)	(643)
Debt issuance costs	(5)	(4)	—
Loss on reacquired debt	—	(5)	—
Contribution from parent	960	38	72
Increase (decrease) in notes payable–affiliated companies	(570)	570	—
Other, net	(1)	—	(2)
Net cash provided by (used in) financing activities from continuing operations	(104)	79	(553)
Net cash provided by financing activities from discontinued operations	—	—	—
Net cash provided by (used in) financing activities	(104)	79	(553)
Net Increase in Cash, Cash Equivalents and Restricted Cash	13	11	1
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	12	1	—
Cash, Cash Equivalents and Restricted Cash at End of Year	$ 25	$ 12	$ 1

See Combined Notes to Consolidated Financial Statements

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

STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY

	2018		2017		2016	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions, except share amounts)					
Common Stock						
Balance, beginning of year	1,000	$ —	1,000	$ —	1,000	$ —
Balance, end of year	1,000	—	1,000	—	1,000	—
Additional Paid-in-Capital						
Balance, beginning of year		2,528		2,489		2,417
Contribution from parent		960		38		72
Capital distribution to parent associated with Internal Spin		(1,473)		—		—
Other		—		1		—
Balance, end of year		2,015		2,528		2,489
Retained Earnings						
Balance, beginning of year		574		430		828
Net income		208		745		245
Dividend to parent		(360)		(601)		(643)
Adoption of ASU 2018-02		1		—		—
Balance, end of year		423		574		430
Accumulated Other Comprehensive Income						
Balance, beginning of year		6		3		9
Other comprehensive income (loss)		—		3		(6)
Adoption of ASU 2018-02		(1)		—		—
Balance, end of year		5		6		3

Total Stockholder's Equity	$ 2,443	$ 3,108	$ 2,922

See Combined Notes to Consolidated Financial Statements

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

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Background

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

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

Background. CenterPoint Energy, Inc. is a public utility holding company and owns interests in Enable as described below. As of December 31, 2018, CenterPoint Energy's operating subsidiaries, Houston Electric and CERC, owned and operated electric transmission and distribution and natural gas distribution facilities and supplied natural gas to commercial and industrial customers and electric and natural gas utilities.

- Houston Electric engages in the electric transmission and distribution business in the Texas Gulf Coast area that includes the city of Houston; and

- CERC Corp. (i) owns and operates natural gas distribution systems in six states and (ii) obtains and offers competitive variable and fixed-price physical natural gas supplies and services primarily to commercial and industrial customers and electric and natural gas utilities in over 30 states through its wholly-owned subsidiary, CES.

As of December 31, 2018, CenterPoint Energy, indirectly through CNP Midstream, owned approximately 54.0% of the common units representing limited partner interests in Enable, 50% of the management rights and 40% of the incentive distribution rights in Enable GP and also directly owned an aggregate of 14,520,000 Enable Series A Preferred Units. Enable owns, operates and develops natural gas and crude oil infrastructure assets.

On April 21, 2018, CenterPoint Energy entered into the Merger Agreement to acquire Vectren for approximately $6 billion in cash. On February 1, 2019, pursuant to the Merger Agreement, CenterPoint Energy consummated the previously announced Merger and acquired Vectren. For further information about the closing of the Merger, see Note 4.

For a description of CenterPoint Energy's and CERC's reportable segments, see Note 19. Houston Electric consists of a single reportable segment, Electric Transmission & Distribution.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

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

(b) Principles of Consolidation

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

As of December 31, 2018, CenterPoint Energy and Houston Electric had VIEs consisting of the Bond Companies, which are consolidated. The consolidated VIEs are wholly-owned, bankruptcy remote special purpose entities that were formed solely for the purpose of securitizing transition and system restoration related property. Creditors of CenterPoint Energy and Houston Electric have no recourse to any assets or revenues of the Bond Companies. The bonds issued by these VIEs are payable only from and

secured by transition and system restoration property and the bondholders have no recourse to the general credit of CenterPoint Energy or Houston Electric.

(c) Equity and Investments without a Readily Determinable Fair Value (CenterPoint Energy and CERC)

CenterPoint Energy and CERC generally use the equity method of accounting for investments in entities in which they have an ownership interest between 20% and 50% and exercise significant influence. CenterPoint Energy and CERC also use the equity method for investments in which they have ownership percentages greater than 50%, when they exercise significant influence, do not have control and are not considered the primary beneficiary, if applicable.

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

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

On September 4, 2018, CERC completed the Internal Spin of its equity investment in Enable and Enable GP. For further information regarding the Internal Spin, see Note 11.

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

(d) Revenues

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

(e) Long-lived Assets and Intangibles Subject to Amortization

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

The Registrants periodically evaluate long-lived assets, including property, plant and equipment, and specifically identifiable intangibles subject to amortization, when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets compared to the carrying value of the assets.

(f) Regulatory Assets and Liabilities

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

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

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

(g) Depreciation and Amortization Expense

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

(h) Capitalization of Interest and AFUDC

The Registrants capitalize interest and AFUDC as a component of projects under construction and amortize over the assets' estimated useful lives once the assets are placed in service. AFUDC represents the composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction for subsidiaries that apply the guidance for accounting for regulated operations. Although AFUDC increases both utility plant and earnings, it is realized in cash when the assets are included in rates.

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Interest and AFUDC debt (1)	$ 8	$ 6	$ 2	$ 9	$ 6	$ 2	$ 8	$ 6	$ 2
AFUDC equity (2)	12	10	2	11	10	1	7	6	1

(1) Included in Interest and other finance charges on the Registrants' respective Statements of Consolidated Income.

(2) Included in Other Income (Expense) on the Registrants' respective Statements of Consolidated Income.

(i) Income Taxes

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

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

On December 22, 2017, President Trump signed into law comprehensive tax reform legislation informally called the Tax Cuts and Jobs Acts, or TCJA, which resulted in significant changes to federal tax laws effective January 1, 2018. See Note 15 for further discussion of the impacts of tax reform implementation.

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

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

(j) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management reviews the outstanding accounts receivable, as well as the bad debt write-offs experienced in the past, and establishes an allowance for doubtful accounts. Account balances are charged off against the allowance when management determines it is probable the receivable will not be recovered.

The table below summarizes the Registrants' provision for doubtful accounts for 2018, 2017 and 2016:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Provision for doubtful accounts	$ 16	$ —	$ 16	$ 14	$ 1	$ 13	$ 7	$ —	$ 7

(k) Inventory

The Registrants' inventory consists principally of materials and supplies and, for CERC, natural gas. Materials and supplies are valued at the lower of average cost or market. Materials and supplies are recorded to inventory when purchased and subsequently charged to expense or capitalized to plant when installed. Natural gas inventories of CERC's Energy Services business segment at locations qualifying for and utilizing the fair value hedge accounting election are valued at fair value; inventories at locations not qualifying for or not utilizing the fair value hedge accounting election are valued at the lower of average cost or market. During 2018, 2017 and 2016, CERC recorded write-downs of natural gas inventory to the lower of average cost or market which are disclosed on the respective Statements of Consolidated Cash Flows.

(l) Derivative Instruments

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business. The Registrants utilize derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on operating results and cash flows. Such derivatives are recognized in the Registrants' Consolidated Balance Sheets at their fair value unless the Registrant elects the normal purchase and sales exemption for qualified physical transactions. A derivative may be designated as a normal purchase or normal sale if the intent is to physically receive or deliver the product for use or sale in the normal course of business.

CenterPoint Energy has a Risk Oversight Committee composed of corporate and reportable segment officers that oversees commodity price, weather and credit risk activities, including the Registrants' marketing, risk management services and hedging activities. The committee's duties are to establish the Registrants' commodity risk policies, allocate board-approved commercial risk limits, approve the use of new products and commodities, monitor positions and ensure compliance with the Registrants' risk management policies and procedures and limits established by CenterPoint Energy's Board of Directors.

The Registrants' policies prohibit the use of leveraged financial instruments. A leveraged financial instrument, for this purpose, is a transaction involving a derivative whose financial impact will be based on an amount other than the notional amount or volume of the instrument.

(m) Investments in Equity Securities (CenterPoint Energy and CERC)

CenterPoint Energy and CERC report equity securities at estimated fair value in their respective Consolidated Balance Sheets, and any unrealized holding gains and losses are recorded as Other Income (Expense) in their respective Statements of Consolidated Income.

(n) Environmental Costs

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

(o) Cash and Cash Equivalents and Restricted Cash

For purposes of reporting cash flows, the Registrants consider cash equivalents to be short-term, highly-liquid investments with maturities of three months or less from the date of purchase. Cash and cash equivalents held by the Bond Companies (VIEs) solely to support servicing the Securitization Bonds as of December 31, 2018 and 2017 are reflected on CenterPoint Energy's and Houston Electric's Consolidated Balance Sheets.

In connection with the issuance of Securitization Bonds, CenterPoint Energy and Houston Electric were required to establish restricted cash accounts to collateralize the bonds that were issued in these financing transactions. These restricted cash accounts are not available for withdrawal until the maturity of the bonds and are not included in cash and cash equivalents. For more information on restricted cash see Note 20.

(p) Preferred Stock and Dividends

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

(q) Purchase Accounting

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

(r) New Accounting Pronouncements

The following table provides an overview of recently adopted or issued accounting pronouncements applicable to all the Registrants, unless otherwise noted.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2014-09- Revenue from Contracts with Customers (Topic 606) and related amendments	This standard provides a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ***Transition method:*** modified retrospective	January 1, 2018	Note 5 addresses the disclosure requirements. Adoption of the standard did not result in significant changes to revenue recognition. A substantial amount of the Registrants' revenues are tariff and/or derivative based, which were not significantly impacted by these ASUs.
ASU 2017-05- Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20) Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets	This standard clarifies when and how to apply ASC 610-20, which was issued as part of ASU 2014-09. It amends or supersedes the guidance in ASC 350 and ASC 360 on determining a gain or loss recognized upon the derecognition of nonfinancial assets. This standard also eliminates industry specific guidance, including ASC 360-20 Property, Plant, and Equipment - Real Estate Sales, for the recognition of gains or losses upon the sale of in-substance real estate. ***Transition method:*** modified retrospective	January 1, 2018	CenterPoint Energy and CERC elected to apply the practical expedient upon adoption to only evaluate transactions that were not determined to be complete as of the date of adoption. Subsequent to adoption, gains or losses on sales or dilution events in CenterPoint Energy's investment in Enable may result in gains or losses recognized in earnings.
ASU 2016-01-Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ASU 2018-03-Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	This standard requires equity investments that do not result in consolidation and are not accounted for under the equity method to be measured at fair value and to recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. It does not change the guidance for classifying and measuring investments in debt securities and loans. It also changes certain disclosure requirements and other aspects related to recognition and measurement of financial assets and financial liabilities. ***Transition method:*** cumulative-effect adjustment to beginning retained earnings, and two features prospective	January 1, 2018	The adoption of this standard did not have an impact on the Registrants' financial position, results of operations or cash flows. The Registrants elected the practicability exception for investments without a readily determinable fair value to be measured at cost. This includes the Enable Series A Preferred Units owned by CenterPoint Energy, which were previously accounted for under the cost method See Note 11 for further discussion.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2016-15- Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments	This standard provides clarifying guidance on the classification of certain cash receipts and payments in the statement of cash flows and eliminates the variation in practice related to such classifications. ***Transition method:*** retrospective	January 1, 2018	The adoption did not have a material impact on the Registrants' financial position, results of operations or disclosures. However, CenterPoint Energy's and Houston Electric's Statements of Consolidated Cash Flows reflect an increase in investing activities and a corresponding decrease in operating activities of $2

			million, $4 million and $8 million for the years ended December 31, 2018, 2017 and 2016, respectively, due to the requirement that cash proceeds from COLI policies be classified as cash inflows from investing activity.
ASU 2016-18- Statement of Cash Flows (Topic 230): Restricted Cash	This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. As a result, the statement of cash flows will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. ***Transition method:*** retrospective	January 1, 2018	The adoption of this standard did not have a material impact on the Registrants' financial position, results of operations or disclosures. However, the Registrants' respective Statements of Consolidated Cash Flows are reconciled to cash, cash equivalents and restricted cash, resulting in a decrease in investing activities of $11 million for each of CenterPoint Energy's and CERC's respective Statements of Consolidated Cash Flows for the year ended December 31, 2018. In addition, each of CenterPoint Energy and Houston Electric showed a decrease of $4 million and an increase of $5 million in investing activities for the years ended December 31, 2017 and 2016, respectively, in their respective Statements of Consolidated Cash Flows. See Note 20 for further discussion.
ASU 2017-07- Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	This standard requires an employer to report the service cost component of the net periodic pension cost and postretirement benefit cost in the same line item(s) as other employee compensation costs arising from services rendered during the period, all other components will be presented separately from the line item(s) that includes the service cost and outside of any subtotal of operating income. In addition, only the service cost component will be eligible for capitalization in assets. ***Transition method:*** retrospective for the presentation of the service cost component and other components; prospective for the capitalization of the service cost component	January 1, 2018	The adoption of this standard did not have a material impact on the Registrants' financial position, results of operations, cash flows or disclosures; however, it resulted in the increases to operating income and corresponding decreases to other income reported in the table below. Other components of net periodic costs previously capitalized in assets are recorded as regulatory assets by the Registrants' rate-regulated businesses prospectively from date of adoption.
ASU 2017-12- Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	This standard, including standards amending this standard, expands an entity's ability to hedge and account for risk components, reduces the complexity of applying certain aspects of hedge accounting and updates the presentation and disclosure requirements. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness. ***Transition method***: cumulative-effect adjustment for elimination of the separate measurement of ineffectiveness; prospective for presentation and disclosure	July 1, 2018 Applicable January 1, 2018	The adoption of this standard did not have a material impact on the Registrants' financial position, results of operations or cash flows. As a result of the adoption, the Registrants will no longer recognize ineffectiveness for derivatives designated as cash flow hedges; all changes in fair value will flow through other comprehensive income. As the Registrants did not have existing cash flow hedges as of the initial application date and the adoption date, no cumulative effective adjustment was recorded. Note 9 reflects disclosures modified upon adoption.
ASU 2018-02-Income Statement-Reporting Comprehensive Income (Topic 220). Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	This standard allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA and requires entities to provide certain disclosures regarding stranded tax effects. ***Transition method***: in the period of adoption	October 1, 2018	The adoption of this standard did not impact the Registrants' results of operations or cash flows. As a result of the adoption, CenterPoint Energy and CERC elected to reclassify a stranded tax benefit of $15 million and $1 million, respectively, primarily related to benefit plans, from accumulated other comprehensive loss and income to Retained earnings on their respective Consolidated Balance Sheets. The reclassification only encompasses the change in the federal corporate income tax rate due to the TCJA
ASU 2018-13- Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement	This standard eliminates, modifies and adds certain disclosure requirements for fair value measurements. ***Transition method***: prospective for additions and one modification and retrospective for all other amendments	Adoption of eliminations and modifications as of September 30, 2018; Additions will be adopted January 1, 2020	The adoption of this standard did not impact the Registrants' financial position, results of operations or cash flows. Note 10 reflects the disclosures modified upon adoption.

Recently Adopted Accounting Standards

ASU Number and Name	Description	Date of Adoption	Financial Statement Impact upon Adoption
ASU 2018-14-Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans	This standard eliminates, modifies and adds certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans ***Transition method***: retrospective	October 1, 2018	The adoption of this standard did not impact the Registrants' financial position, results of operations, and cash flows. Note 8 reflects the disclosures modified upon adoption.

The table below reflects the impact of adoption of ASU 2017-07 (Compensation—Retirement Benefits (Topic 715)) on each of the Registrants' respective Statements of Consolidated Income:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Increase to operating income	$ 47	$ 21	$ 11	$ 64	$ 26	$ 23	$ 64	$ 25	$ 23
Decrease to other income	47	21	11	64	26	23	64	25	23

Issued, Not Yet Effective Accounting Standards

ASU Number and Name	Description	Effective Date	Financial Statement Impact upon Adoption
ASU 2016-02- Leases (Topic 842) and related amendments	ASU 2016-02 provides a comprehensive new lease model that requires lessees to recognize assets and liabilities for most leases and would change certain aspects of lessor accounting. ***Transition method***: modified retrospective	January 1, 2019 Early adoption is permitted	The Registrants have completed the identification of leases under the revised definition. In addition to expanded disclosure for lessees and lessors, which will include qualitative disclosures of the nature of the lease population and additional quantitative information, the Registrants expect to recognize approximately $30 million, $1 million and $28 million of right-of-use assets and lease liabilities on the statements of financial position of CenterPoint Energy, Houston Electric and CERC, respectively, on the date of adoption but do not expect a material impact on their results of operations and cash flows. The Registrants elected the practical expedient for existing easements provided by ASU 2018-01, and the transition option to not apply the new lease standards in the comparative financial statements presented in the year of adoption provided by ASU 2018-11.
ASU 2018-01- Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842	ASU 2018-01 allows entities to elect not to assess whether existing land easements that were not previously accounted for in accordance with ASC 840 Leases under ASC 842 Leases when transitioning to the new leasing standard.		
ASU 2018-10 - Codification Improvements to Topic 842, Leases	ASU 2018-10 makes sixteen narrow-scope amendments to ASC 842 Leases.		
ASU 2018-11- Leases (Topic 842)-Targeted Improvements	ASU 2018-11 allows entities the transition option to not apply the new lease standards in the comparative financial statements presented in the year of adoption. It also gives lessors the practical expedient to not separate non-lease and lease components when certain criteria are met.		
ASU 2018-20- Leases (Topic 842)-Narrow-Scope Improvements for Lessors	ASU 2018-20 updates several narrow-scope changes for lessors, including sales taxes collected from lessees, lessor costs paid directly by lessees, and recognition of variable payments for contracts with lease and non-lease components.		
ASU 2016-13- Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	This standard, including standards amending this standard, requires a new model called CECL to estimate credit losses for (1) financial assets subject to credit losses and measured at amortized cost and (2) certain off-balance sheet credit exposures. Upon initial recognition of the exposure, the CECL model requires an entity to estimate the credit losses expected over the life of an exposure based on historical information, current information and reasonable and supportable forecasts, including estimates of prepayments. **Transition method**: modified retrospective	January 1, 2020 Early adoption is permitted starting January 1, 2019	The Registrants are currently assessing the impact that this standard will have on their financial position, results of operations, cash flows and disclosures.

Issued, Not Yet Effective Accounting Standards

ASU Number and Name	Description	Effective Date	Financial Statement Impact upon Adoption
ASU 2018-15- Intangibles-Goodwill and Other- Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	This standard aligns accounting for implementation costs incurred in a cloud computing arrangement that is accounted for as a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The update also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, and requires additional quantitative and qualitative disclosures. ***Transition method***: retrospective or prospective	January 1, 2020 Early adoption is permitted	The adoption of this standard will allow the Registrants to capitalize certain implementation costs incurred in cloud computing arrangements that are accounted for as service contracts. The Registrants are currently assessing the impact that adoption of this standard will have on their financial position, results of operations, cash flows and disclosures.

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

(3) Property, Plant and Equipment

(a) Property, Plant and Equipment

Property, plant and equipment includes the following:

		December 31, 2018			December 31, 2017		
	Weighted Average Useful Lives	Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net	Property, Plant and Equipment, Gross	Accumulated Depreciation & Amortization	Property, Plant and Equipment, Net
CenterPoint Energy	(in years)			(in millions)			
Electric Transmission & Distribution	35	$ 12,148	$ 3,746	$ 8,402	$ 11,496	$ 3,633	$ 7,863
Natural Gas Distribution	28	7,257	2,128	5,129	6,735	1,968	4,767
Energy Services	27	121	43	78	102	35	67
Other property	26	741	306	435	698	338	360
Total		$ 20,267	$ 6,223	$ 14,044	$ 19,031	$ 5,974	$ 13,057
Houston Electric							
Electric Transmission	45	$ 3,077	$ 650	$ 2,427	$ 2,767	$ 620	$ 2,147
Electric Distribution	33	7,524	2,553	4,971	7,178	2,522	4,656
Other transmission & distribution property	18	1,547	543	1,004	1,551	491	1,060
Total		$ 12,148	$ 3,746	$ 8,402	$ 11,496	$ 3,633	$ 7,863
CERC							
Natural Gas Distribution	28	$ 7,257	$ 2,128	$ 5,129	$ 6,735	$ 1,968	$ 4,767
Energy Services	27	121	43	78	102	35	67
Other property	23	53	34	19	51	33	18
Total		$ 7,431	$ 2,205	$ 5,226	$ 6,888	$ 2,036	$ 4,852

(b) Depreciation and Amortization

The following table presents depreciation and amortization expense for 2018, 2017 and 2016:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
					(in millions)				
Depreciation	$ 626	$ 342	$ 264	$ 619	$ 354	$ 243	$ 607	$ 349	$ 230
Amortization of									

securitized regulatory assets	531	531	—	329	329	—	455	455	—
Other amortization	86	44	29	88	41	36	64	34	19
Total	$ 1,243	$ 917	$ 293	$ 1,036	$ 724	$ 279	$ 1,126	$ 838	$ 249

(c) AROs

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

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

	December 31, 2018			December 31, 2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
			(in millions)			
Beginning balance	$ 281	$ 35	$ 243	$ 205	$ 33	$ 169
Accretion expense (1)	10	1	9	8	1	7
Revisions in estimates (2)	(33)	(2)	(31)	68	1	67
Ending balance	$ 258	$ 34	$ 221	$ 281	$ 35	$ 243

(1) Reflected in Regulatory assets on each of the Registrants' respective Consolidated Balance Sheets.

(2) In 2018, CenterPoint Energy and CERC reflected a decrease in their respective ARO liability which is primarily attributable to increases in the long-term interest rates used for discounting in the ARO calculation. In 2017, CenterPoint Energy and CERC reflected an increase in their respective ARO liability which is primarily attributable to decreases in the long-term interest rates used for discounting in the ARO calculation.

(4) Mergers and Acquisitions

Merger with Vectren (CenterPoint Energy)

On February 1, 2019 (the Merger Date), pursuant to the Merger Agreement, CenterPoint Energy consummated the previously announced Merger and acquired Vectren for approximately $6 billion in cash. Each share of Vectren common stock issued and outstanding immediately prior to the closing was canceled and converted into the right to receive $72.00 in cash per share, without interest. At the closing, each stock unit payable in Vectren common stock or whose value is determined with reference to the value of Vectren common stock, whether vested or unvested, was canceled with cash consideration paid therefor in accordance with the terms of the Merger Agreement. These amounts did not include a stub period cash dividend of $0.41145 per share, which was declared, with CenterPoint Energy's consent, by Vectren's board of directors on January 16, 2019, and paid to Vectren stockholders as of the record date of February 1, 2019. See Notes 13 and 14 for further details regarding the Merger financings.

Following the closing, shares of Vectren common stock, which previously traded under the ticker symbol "VVC" on the NYSE, ceased trading on and were delisted from the NYSE.

On the Merger Date, Vectren became a wholly-owned subsidiary of CenterPoint Energy. Vectren, through its wholly owned subsidiary, VUHI, holds three public utilities:

- Indiana Gas provides energy delivery services to natural gas customers located in central and southern Indiana;
- SIGECO provides energy delivery services to electric and natural gas customers located near Evansville in southwestern Indiana and owns and operates electric generation assets to serve its electric customers and optimizes those assets in the wholesale power market; and
- VEDO provides energy delivery services to natural gas customers located near Dayton in west-central Ohio.

Vectren is also involved in non-utility activities through two business units:

- Infrastructure Services provides underground pipeline construction and repair services; and
- ESG provides energy performance contracting and sustainable infrastructure, such as renewables, distributed generation and combined heat and power projects.

As of December 31, 2018, Vectren and its subsidiaries had outstanding $167 million of short-term debt and $2.2 billion of long-term debt, including current maturities. Vectren's outstanding short-term and long-term debt on the closing date of the Merger became debt of CenterPoint Energy.

The Merger is anticipated to provide significant potential strategic benefits to CenterPoint Energy, including growth opportunities for more rate-regulated investment, more customers for existing products and services and additional products and services for existing customers. Additionally, CenterPoint Energy believes the Merger will increase geographic and business diversity as well as scale in attractive jurisdictions and economies.

The Merger is being accounted for in accordance with ASC 805, Business Combinations, with identifiable assets acquired and liabilities assumed recorded at their estimated fair values on the Merger Date. Due to the limited time between the Merger Date and this filing, CenterPoint Energy's purchase price allocation for the assets acquired and the liabilities assumed in the Merger has not been completed. CenterPoint Energy will provide the required disclosures in the first quarter of 2019. The results of operations of Vectren will be reported in CenterPoint Energy's consolidated financial statements beginning on the Merger Date.

CenterPoint Energy incurred transaction costs of $28 million and integration costs of $18 million in connection with the Merger for the year ended December 31, 2018, which were included in operation and maintenance expenses in CenterPoint Energy's Statements of Consolidated Income.

Acquisition of AEM (CenterPoint Energy and CERC)

On January 3, 2017, CES completed the acquisition of AEM. After working capital adjustments, the final purchase price of $147 million was allocated to identifiable assets acquired and liabilities assumed based on their fair values on the acquisition date.

The goodwill of $5 million recorded as part of the acquisition primarily reflects the value of the complementary operational and geographic footprints, scale and expanded capabilities provided by the acquisition.

The fair value of the identifiable intangible assets and related useful lives included in the final purchase price allocation is as follows:

	Fair Value	Useful Life
	(in millions)	(in years)
Customer relationships	$ 25	15

The following unaudited pro forma financial information reflects the consolidated results of operations of CenterPoint Energy and CERC, assuming the AEM acquisition had taken place on January 1, 2016. The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been achieved had the acquisition taken place on the dates indicated or the future consolidated results of operations of the combined companies.

	Year Ended December 31,			
	2017		2016	
	CenterPoint Energy	CERC	CenterPoint Energy	CERC
	(in millions)			
Revenues	$ 9,614	$ 6,603	$ 8,541	$ 5,467
Net Income (1)	1,792	745	442	255

(1) Net income for the year ended December 31, 2017 includes a reduction in income tax expense of $1,113 million and $396 million due to the TCJA for CenterPoint Energy and CERC, respectively. See Note 15 for further discussion of the impacts of tax reform implementation.

(5) Revenue Recognition

The Registrants adopted ASC 606 and all related amendments on January 1, 2018 using the modified retrospective method for those contracts that were not completed as of the date of adoption. Application of the new revenue standard did not result in a cumulative effect adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not have a material impact on the Registrants' financial position, results of operations or cash flows.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Registrants expect to be entitled to receive in exchange for these goods or services. Contract assets and liabilities are not material.

The following tables disaggregate revenues by reportable segment and major source:

	Year Ended December 31, 2018									
	CenterPoint Energy					Houston Electric	CERC			
	Electric Transmission & Distribution (1)	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total	Total	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total
	(in millions)									
Revenue from contracts	$ 3,235	$ 3,011	$ 493	$ 6	$ 6,745	$ 3,235	$ 3,011	$ 493	$ 1	$ 3,505
Derivatives income	(2)	(2)	4,028	—	4,024	—	(2)	4,028	—	4,026
Other (3)	(1)	(42)	—	9	(34)	(1)	(42)	—	—	(42)
Eliminations	—	(36)	(110)	—	(146)	—	(36)	(110)	—	(146)
Total revenues	$ 3,232	$ 2,931	$ 4,411	$ 15	$ 10,589	$ 3,234	$ 2,931	$ 4,411	$ 1	$ 7,343

	Year Ended December 31, 2017									
	CenterPoint Energy					Houston Electric	CERC			
	Electric Transmission & Distribution (1)	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total	Total	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total
	(in millions)									
Revenue from contracts	$ 3,001	$ 2,638	$ 480	$ 5	$ 6,124	$ 3,001	$ 2,638	$ 480	$ —	$ 3,118
Derivatives income	(1)	—	3,569	—	3,568	—	—	3,569	—	3,569
Other (3)	(3)	1	—	9	7	(3)	1	—	—	1
Eliminations	—	(33)	(52)	—	(85)	—	(33)	(52)	—	(85)
Total revenues	$ 2,997	$ 2,606	$ 3,997	$ 14	$ 9,614	$ 2,998	$ 2,606	$ 3,997	$ —	$ 6,603

	Year Ended December 31, 2016									
	CenterPoint Energy					Houston Electric	CERC			
	Electric Transmission & Distribution (1)	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total	Total	Natural Gas Distribution (1)	Energy Services (2)	Other Operations (2)	Total
	(in millions)									
Revenue from contracts	$ 3,050	$ 2,368	$ 288	$ 5	$ 5,711	$ 3,050	$ 2,368	$ 288	$ —	$ 2,656
Derivatives income	1	—	1,811	—	1,812	—	—	1,811	—	1,811
Other (3)	9	41	—	10	60	9	41	—	1	42
Eliminations	—	(29)	(26)	—	(55)	—	(29)	(26)	—	(55)
Total revenues	$ 3,060	$ 2,380	$ 2,073	$ 15	$ 7,528	$ 3,059	$ 2,380	$ 2,073	$ 1	$ 4,454

(1) Reflected in Utility revenues in the Statements of Consolidated Income.

(2) Reflected in Non-utility revenues in the Statements of Consolidated Income.

(3) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period.

Revenues from Contracts with Customers

Electric Transmission & Distribution. Houston Electric distributes electricity to customers over time and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by the PUCT, is recognized as electricity is delivered and represents amounts both billed and unbilled. Discretionary services requested by customers are provided at a point in time with control transferring upon the completion of the service. Revenue for discretionary services is recognized upon completion of service based on the tariff rates set by the PUCT. Payments for electricity distribution and discretionary services are aggregated and received on a monthly basis. Houston Electric performs transmission services over time as a stand-ready obligation to provide a reliable network of transmission systems. Revenue is recognized upon time elapsed, and the monthly tariff rate set by the PUCT. Payments are received on a monthly basis.

Natural Gas Distribution. CERC distributes and transports natural gas to customers over time, and customers consume the natural gas when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by the state governing agency for that service area, is recognized as natural gas is delivered and represents amounts both billed and unbilled. Discretionary services requested by the customer are satisfied at a point in time and revenue is recognized upon completion of service and the tariff rates set by the applicable state regulator. Payments of natural gas distribution, transportation and discretionary services are aggregated and received on a monthly basis.

Energy Services. The majority of CES natural gas sales contracts are considered a derivative, as the contracts typically have a stated minimum or contractual volume of delivery.

For contracts in which CES delivers the full requirement of the natural gas needed by the customer and a volume is not stated, a contract as defined under ASC 606 is created upon the customer's exercise of its option to take natural gas. CES supplies natural gas to retail customers over time as customers consume the natural gas when delivered. For wholesale customers, CES supplies natural gas at a point in time because the wholesale customer is presumed to have storage capabilities. Control is transferred to both types of customers upon delivery of natural gas. Revenue is recognized on a monthly basis based on the estimated volume of natural gas delivered and the price agreed upon with the customer. Payments are received on a monthly basis.

AMAs are natural gas sales contracts under which CES also assumes management of a customer's physical storage and/or transportation capacity. AMAs have two distinct performance obligations, which consist of natural gas sales and natural gas delivery because delivery could occur separate from the sale of natural gas (e.g., from storage to customer premises). Most AMAs' natural gas sales performance obligations are accounted for as embedded derivatives. The transaction price is allocated between the sale of natural gas and the delivery based on the stand-alone selling price as stated in the contract. CES performs natural gas delivery over time as customers take delivery of the natural gas and recognizes revenue on an aggregated monthly basis based on the volume of natural gas delivered and the fees stated within the contract. Payments are received on a monthly basis.

Practical Expedients and Exemption. Sales taxes and other similar taxes collected from customers are excluded from the transaction price.

(6) Goodwill and Other Intangibles (CenterPoint Energy and CERC)

CenterPoint Energy's and CERC's goodwill by reportable segment as of both December 31, 2018 and 2017 is as follows:

	(in millions)
Natural Gas Distribution	$ 746
Energy Services (1)	110
Other Operations	11
Total	$ 867

(1) Amount presented is net of the accumulated goodwill impairment charge of $252 million recorded in 2012.

CenterPoint Energy and CERC perform goodwill impairment tests at least annually and evaluate goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. The impairment evaluation for goodwill is performed by comparing the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. The estimated fair value of the reporting unit is primarily determined on the basis of discounted cash flows. If the carrying amount is in excess of the estimated fair value of the reporting unit, then the excess amount is the impairment charge that should be recorded, not to exceed the carrying amount of goodwill. See Note 2(e) for further discussion.

CenterPoint Energy and CERC performed the annual goodwill impairment test in the third quarter of each of 2018 and 2017 and determined that no goodwill impairment charge was required for any reporting unit, which approximate the Registrants' applicable reportable segments.

The tables below present information on CenterPoint Energy's and CERC's finite lived intangible assets recorded in Other non-current assets on the Consolidated Balance Sheets. Finite lived intangible assets are amortized over their estimated useful lives.

	December 31, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
	(in millions)					
Customer relationships	$ 86	$ (27)	$ 59	$ 86	$ (21)	$ 65
Covenants not to compete	4	(3)	1	4	(2)	2
Other	16	(11)	5	15	(8)	7
Total	$ 106	$ (41)	$ 65	$ 105	$ (31)	$ 74

	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Amortization expense of intangible assets (1)	$ 10	$ 13	$ 4

(1) Recorded in Depreciation and amortization expenses on CenterPoint Energy's and CERC's respective Statements of Consolidated Income.

CenterPoint Energy and CERC estimate that amortization expense of intangible assets with finite lives for the next five years will be as follows:

	Amortization Expense
	(in millions)
2019	$ 11
2020	6
2021	6
2022	6
2023	5

(7) Regulatory Accounting

The following is a list of regulatory assets and liabilities reflected on the Registrants' respective Consolidated Balance Sheets as of December 31, 2018 and 2017:

	December 31, 2018			December 31, 2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Regulatory Assets:						
Current regulatory assets (1)	$ 77	$ —	$ 77	$ 130	$ —	$ 130
Non-current regulatory assets:						
Securitized regulatory assets	1,059	1,059	—	1,590	1,590	—
Unrecognized equity return (2)	(213)	(213)	—	(287)	(287)	—

Unamortized loss on reacquired debt	68	68	—	75	75	—
Pension and postretirement-related regulatory asset (3)	725	33	30	646	31	20
Hurricane Harvey restoration costs (4)	68	64	4	64	58	6
Regulatory assets related to TCJA (5)	33	23	10	48	33	15
Other long-term regulatory assets (6)	227	90	137	211	70	140
Total non-current regulatory assets	1,967	1,124	181	2,347	1,570	181
Total regulatory assets	2,044	1,124	258	2,477	1,570	311
Regulatory Liabilities:						
Current regulatory liabilities (7)	38	17	21	24	22	2
Non-current regulatory liabilities:						
Regulatory liabilities related to TCJA (5)	1,323	847	476	1,354	862	492
Estimated removal costs	886	269	617	878	285	593
Other long-term regulatory liabilities	316	182	134	232	116	116
Total non-current regulatory liabilities	2,525	1,298	1,227	2,464	1,263	1,201
Total regulatory liabilities	2,563	1,315	1,248	2,488	1,285	1,203
Total regulatory assets and liabilities, net	$ (519)	$ (191)	$ (990)	$ (11)	$ 285	$ (892)

(1) Current regulatory assets are included in Prepaid expenses and other current assets in the Registrants' respective Consolidated Balance Sheets.

(2) The unrecognized equity return will be recognized as it is recovered in rates through 2024. During the years ended December 31, 2018, 2017 and 2016, Houston Electric recognized approximately $74 million, $42 million and $64 million, respectively, of the allowed equity return. The timing of Houston Electric's recognition of the equity return will vary each period based on amounts actually collected during the period. The actual amounts recognized are adjusted at least annually to correct any over-collections or under-collections during the preceding 12 months.

(3) Includes a portion of Houston Electric's and CERC's NGD's actuarially determined pension and other postemployment expense in excess of the amount being recovered through rates that is being deferred for rate making purposes, of which $33 million and $4 million as of December 31, 2018, respectively, and $31 million and $7 million as of December 31, 2017, respectively, were not earning a return.

(4) The Registrants suffered damage as a result of Hurricane Harvey, a major storm classified as a Category 4 hurricane on the Saffir-Simpson Hurricane Wind Scale, that first struck the Texas coast on Friday, August 25, 2017 and remained over the Houston area for the next several days. The unprecedented flooding from torrential amounts of rainfall accompanying the storm caused significant damage to or destruction of residences and businesses served by the Registrants. The Registrants deferred the uninsured storm restoration costs as management believed it was probable that such costs will be recovered through traditional rate adjustment mechanisms for capital costs and through the next base rate proceeding for operation and maintenance expenses. As a result, storm restoration costs did not materially affect the Registrants' reported net income for 2017. The Registrants are not earning a return on Hurricane Harvey restoration costs.

(5) The EDIT and deferred revenues will be recovered or refunded to customers as required by tax and regulatory authorities. See Note 15 for additional information.

(6) Other long-term regulatory assets that are not earning a return were not material as of December 31, 2018 and 2017.

(7) Current regulatory liabilities are included in Other current liabilities in each of the Registrants' respective Consolidated Balance Sheets.

(8) Stock-Based Incentive Compensation Plans and Employee Benefit Plans

(a) Stock-Based Incentive Compensation Plans (CenterPoint Energy)

CenterPoint Energy has LTIPs that provide for the issuance of stock-based incentives, including stock options, performance awards, restricted stock unit awards and restricted and unrestricted stock awards to officers, employees and non-employee directors. Approximately 14 million shares of Common Stock are authorized under these plans for awards. CenterPoint Energy issues new shares of its Common Stock to satisfy stock-based payments related to LTIPs. Equity awards are granted to employees without cost to the participants.

Compensation costs for the performance and stock awards granted under LTIPs are measured using fair value and expected achievement levels on the grant date. For performance awards with operational goals, the achievement levels are revised as goals are evaluated. The fair value of awards granted to employees is based on the closing stock price of CenterPoint Energy's Common Stock on the grant date. The compensation expense is recorded on a straight-line basis over the vesting period. Forfeitures are estimated on the date of grant based on historical averages and estimates are updated periodically throughout the vesting period.

The performance awards granted in 2018, 2017 and 2016 are distributed based upon the achievement of certain objectives over a three-year performance cycle. The stock unit awards granted in 2018, 2017 and 2016 are service based. The stock unit awards generally vest at the end of a three-year period, provided, however, that stock unit awards granted to non-employee directors vested at the end of a one-year period (for awards granted in 2017 and 2016) or vested immediately upon grant (for awards granted in 2018). Upon vesting, both the performance and stock awards are issued to the participants along with the value of dividend equivalents earned over the performance cycle or vesting period.

The following table summarizes CenterPoint Energy's expenses related to LTIPs for 2018, 2017 and 2016:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
LTIP Compensation expense (1)	$ 26	$ 21	$ 19
Income tax benefit recognized	6	8	7
Actual tax benefit realized for tax deductions	5	6	5

(1) Included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income and not capitalized as a part of Inventory or Property, Plant and Equipment.

The following tables summarize CenterPoint Energy's LTIP activity for 2018:

	Year Ended December 31, 2018			
	Shares (Thousands)	Weighted-Average Grant Date Fair Value	Remaining Average Contractual Life (Years)	Aggregate Intrinsic Value (2) (Millions)
Performance Awards (1)				
Outstanding and non-vested as of December 31, 2017	3,627	$ 22.15		
Granted	1,321	26.74		
Forfeited or canceled	(721)	21.72		
Vested and released to participants	(409)	21.31		
Outstanding and non-vested as of December 31, 2018	3,818	$ 23.91	1	$ 57
Stock Awards				
Outstanding and non-vested as of December 31, 2017	980	$ 22.68		
Granted	409	26.62		
Forfeited or canceled	(29)	25.31		
Vested and released to participants	(300)	22.84		
Outstanding and non-vested as of December 31, 2018	1,060	$ 24.08	1.1	$ 30

(1) Reflects maximum performance achievement.

(2) Reflects the impact of current expectations of achievement and stock price.

The weighted average grant date fair values per unit of awards granted were as follows for 2018, 2017 and 2016:

	Year Ended December 31,		
	2018	2017	2016
	(In millions, except for per unit amounts)		
Performance Awards			

Weighted-average grant date fair value per unit of awards granted	$ 26.74	$ 26.64	$ 18.98
Total intrinsic value of awards received by participants	12	7	7
Vested grant date fair value	9	5	7

Stock Awards

Weighted-average grant date fair value per unit of awards granted	$ 26.62	$ 26.77	$ 19.24
Total intrinsic value of awards received by participants	9	9	6
Vested grant date fair value	7	7	6

As of December 31, 2018, there was $27 million of total unrecognized compensation cost related to non-vested performance and stock awards which is expected to be recognized over a weighted-average period of 1.7 years.

(b) Pension Benefits (CenterPoint Energy)

CenterPoint Energy maintains a non-contributory qualified defined benefit pension plan covering substantially all employees, with benefits determined using a cash balance formula. Substantially all of the Registrants' employees participate in CenterPoint Energy's non-contributory qualified defined benefit plan. Under the cash balance formula, participants accumulate a retirement benefit based upon 5% of eligible earnings and accrued interest. Participants are 100% vested in their benefit after completing three years of service. In addition to the non-contributory qualified defined benefit pension plans, CenterPoint Energy maintains unfunded non-qualified benefit restoration plans which allow participants to receive the benefits to which they would have been entitled under CenterPoint Energy's non-contributory qualified pension plan except for federally mandated limits on qualified plan benefits or on the level of compensation on which qualified plan benefits may be calculated.

CenterPoint Energy's net periodic cost includes the following components relating to pension, including the non-qualified benefit restoration plan:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Service cost (1)	$ 37	$ 36	$ 38
Interest cost (2)	79	89	93
Expected return on plan assets (2)	(107)	(97)	(101)
Amortization of prior service cost (2)	9	9	9
Amortization of net loss (2)	43	58	63
Net periodic cost	$ 61	$ 95	$ 102

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals and amounts capitalized. See Note 2(r).

(2) Amounts presented in the table above are included in Other, net in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals. See Note 2(r).

CenterPoint Energy used the following assumptions to determine net periodic cost relating to pension benefits:

	Year Ended December 31,		
	2018	2017	2016
Discount rate	3.65%	4.15%	4.40%
Expected return on plan assets	6.00	6.00	6.25
Rate of increase in compensation levels	4.45	4.50	4.15

In determining net periodic benefit cost, CenterPoint Energy uses fair value, as of the beginning of the year, as its basis for determining expected return on plan assets.

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in the Consolidated Balance Sheets as well as the key assumptions of CenterPoint Energy's pension plans. The measurement dates for plan assets and obligations were December 31, 2018 and 2017.

	December 31,	
	2018	2017
	(in millions, except for actuarial assumptions)	
Change in Benefit Obligation		
Benefit obligation, beginning of year	$ 2,225	$ 2,197
Service cost	37	36
Interest cost	79	89
Benefits paid	(201)	(168)
Actuarial (gain) loss (1)	(127)	71
Benefit obligation, end of year	2,013	2,225
Change in Plan Assets		
Fair value of plan assets, beginning of year	1,801	1,656
Employer contributions	69	48
Benefits paid	(201)	(168)
Actual investment return	(153)	265
Fair value of plan assets, end of year	1,516	1,801
Funded status, end of year	$ (497)	$ (424)

	December 31,	
	2018	2017
	(in millions, except for actuarial assumptions)	
Amounts Recognized in Balance Sheets		
Current liabilities-other	$ (7)	$ (7)
Other liabilities-benefit obligations	(490)	(417)
Net liability, end of year	$ (497)	$ (424)
Actuarial Assumptions		
Discount rate (2)	4.35%	3.65%
Expected return on plan assets (3)	6.00	6.00
Rate of increase in compensation levels	4.60	4.45
Interest crediting rate	3.75	3.75

(1) Significant sources of gain for 2018 include the increase in discount rate from 3.65% to 4.35% and the mortality projection scale change from MP2017 to MP2018. For 2017, the significant source of loss was the decrease in the discount rate from 4.15% to 3.65%.

(2) The discount rate assumption was determined by matching the projected cash flows of CenterPoint Energy's plans against a hypothetical yield curve of high-quality corporate bonds represented by a series of annualized individual discount rates from one-half to 99 years.

(3) The expected rate of return assumption was developed using the targeted asset allocation of CenterPoint Energy's plans and the expected return for each asset class.

The following table displays pension benefits related to CenterPoint Energy's pension plans that have accumulated benefit obligations in excess of plan assets:

	December 31,			
	2018		2017	
	Pension (Qualified)	Pension (Non-qualified)	Pension (Qualified)	Pension (Non-qualified)
	(in millions)			
Accumulated benefit obligation	$ 1,930	$ 61	$ 2,090	$ 74
Projected benefit obligation	1,952	61	2,151	74

Fair value of plan assets	1,516	—	1,801	—

The accumulated benefit obligation for all defined benefit pension plans on CenterPoint Energy's Consolidated Balance Sheets was $1,991 million and $2,164 million as of December 31, 2018 and 2017, respectively.

(c) Postretirement Benefits

CenterPoint Energy provides certain healthcare and life insurance benefits for retired employees on both a contributory and non-contributory basis. The Registrants' employees who were hired before January 1, 2018 and who have met certain age and service requirements at retirement, as defined in the plans, are eligible to participate in these benefit plans. Employees hired on or after January 1, 2018 are not eligible for these benefits, except that employees represented by IBEW Local Union 66 are eligible to participate in certain of the benefits, subject to the applicable age and service requirements. With respect to retiree medical and prescription drug benefits, employees represented by the IBEW Local Union 66 who retire on or after January 1, 2017, and their dependents, receive any such benefits exclusively through the NECA/IBEW Family Medical Care Plan pursuant to the terms of the renegotiated collective bargaining agreement entered into in May 2016. Houston Electric and CERC are required to fund a portion of their obligations in accordance with rate orders. All other obligations are funded on a pay-as-you-go basis.

Postretirement benefits are accrued over the active service period of employees. The net postretirement benefit cost includes the following components:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Service cost (1)	$ 2	$ —	$ 1	$ 2	$ 1	$ 1	$ 2	$ 1	$ 1
Interest cost (2)	13	8	4	16	9	5	16	10	4
Expected return on plan assets (2)	(5)	(4)	(1)	(5)	(4)	(1)	(6)	(5)	(1)
Amortization of prior service cost (credit) (2)	(5)	(5)	1	(5)	(6)	1	(3)	(4)	—
Amortization of net loss (2)	—	—	—	—	—	—	1	1	1
Curtailment (3)	—	—	—	—	—	—	(5)	(4)	(1)
Net postretirement benefit cost (credit)	$ 5	$ (1)	$ 5	$ 8	$ —	$ 6	$ 5	$ (1)	$ 4

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals and amounts capitalized. See Note 2(r).

(2) Amounts presented in the table above are included in Other, net in each of the Registrants' respective Statements of Consolidated Income, net of regulatory deferrals. See Note 2(r).

(3) A curtailment gain or loss is required when the expected future services of a significant number of current employees are reduced or eliminated for the accrual of benefits. During 2016, postretirement healthcare benefits were amended resulting in a net curtailment gain of $5 million. In May 2016, Houston Electric entered into a renegotiated collective bargaining agreement with the IBEW Local Union 66 that provides that for Houston Electric bargaining unit employees covered under the agreement who retire on or after January 1, 2017, retiree medical and prescription drug coverage will be provided exclusively through the NECA/IBEW Family Medical Care Plan in exchange for the payment of monthly premiums as determined under the agreement. As a result, the accrued postretirement benefits related to such future CenterPoint Energy and Houston Electric union retirees were eliminated. Houston Electric recognized a curtailment gain of $3 million as an accelerated recognition of the prior service credit that would otherwise be recognized in future periods for the postretirement plan. CenterPoint Energy also recognized an additional curtailment gain of $2 million in October 2016 related to other amendments in the postretirement plan.

The following assumptions were used to determine net periodic cost relating to postretirement benefits:

Year Ended December 31,					
2018		2017		2016	
CenterPoint	Houston	CenterPoint	Houston	CenterPoint	Houston

	Energy	Electric	CERC	Energy	Electric	CERC	Energy	Electric	CERC
Discount rate	3.60%	3.60%	3.60%	4.15%	4.15%	4.15%	4.35%	4.35%	4.35%
Expected return on plan assets	4.55	4.75	3.85	4.50	4.75	3.60	4.80	5.00	3.95

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in consolidated balance sheets and the key assumptions of the postretirement plans. The measurement dates for plan assets and benefit obligations were December 31, 2018 and 2017.

	December 31,					
	2018			2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Change in Benefit Obligation						
Benefit obligation, beginning of year	$ 386	$ 225	$ 109	$ 383	$ 217	$ 115
Service cost	2	—	1	2	1	1
Interest cost	13	8	4	16	9	5
Participant contributions	7	2	4	7	2	3
Benefits paid	(25)	(13)	(9)	(26)	(14)	(9)
Actuarial (gain) loss (1)	(52)	(56)	1	4	10	(6)
Benefit obligation, end of year	331	166	110	386	225	109
Change in Plan Assets						
Fair value of plan assets, beginning of year	120	93	26	113	88	25
Employer contributions	14	9	4	16	10	5
Participant contributions	7	2	4	7	2	3
Benefits paid	(25)	(13)	(9)	(26)	(14)	(9)
Actual investment return	(2)	(2)	—	10	7	2
Fair value of plan assets, end of year	114	89	25	120	93	26
Funded status, end of year	$ (217)	$ (77)	$ (85)	$ (266)	$ (132)	$ (83)
Amounts Recognized in Balance Sheets						
Current liabilities-other	$ (6)	$ —	$ (3)	$ (6)	$ —	$ (4)
Other liabilities-benefit obligations	(211)	(77)	(82)	(260)	(132)	(79)
Net liability, end of year	$ (217)	$ (77)	$ (85)	$ (266)	$ (132)	$ (83)
Actuarial Assumptions						
Discount rate (2)	4.35%	4.35%	4.35%	3.60%	3.60%	3.60%
Expected return on plan assets (3)	4.60	4.70	4.15	4.55	4.75	3.85
Medical cost trend rate assumed for the next year - Pre-65	5.95	5.95	5.95	6.15	6.15	6.15
Medical/prescription drug cost trend rate assumed for the next year - Post-65	28.60	28.60	28.60	23.85	23.85	23.85
Prescription drug cost trend rate assumed for the next year - Pre-65	9.20	9.20	9.20	9.85	9.85	9.85
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50	4.50	4.50	4.50	4.50	4.50
Year that the cost trend rates reach the ultimate trend rate - Pre-65	2026	2026	2026	2026	2026	2026
Year that the cost trend rates reach the ultimate trend rate - Post-65	2027	2027	2027	2024	2024	2024

(1) Significant sources of gain for 2018 include the increase in the discount rate from 3.60% to 4.35%, favorable benefit claims experience and cost trend rates in addition to the change in mortality projection scale from MP2017 to MP2018.

(2) The discount rate assumption was determined by matching the projected cash flows of the plans against a hypothetical yield curve of high-

quality corporate bonds represented by a series of annualized individual discount rates from one-half to 99 years.

(3) The expected rate of return assumption was developed using the targeted asset allocation of the plans and the expected return for each asset class.

(d) Accumulated Other Comprehensive Income (Loss) (CenterPoint Energy and CERC)

CenterPoint Energy recognizes the funded status of its pension plans and other postretirement plans on its Consolidated Balance Sheets. To the extent this obligation exceeds amounts previously recognized in the Statements of Consolidated Income, CenterPoint Energy records a regulatory asset for that portion related to its rate regulated utilities. To the extent that excess liability does not relate to a rate regulated utility, the offset is recorded as a reduction to equity in accumulated other comprehensive income.

Amounts recognized in accumulated other comprehensive loss (gain) consist of the following:

	December 31,					
	2018			2017		
	Pension Benefits	Postretirement Benefits		Pension Benefits	Postretirement Benefits	
	CenterPoint Energy	CenterPoint Energy	CERC	CenterPoint Energy	CenterPoint Energy	CERC
	(in millions)					
Unrecognized actuarial loss (gain)	$ 109	$ (7)	$ (3)	$ 94	$ (8)	$ (2)
Unrecognized prior service cost	1	5	5	1	6	6
Deferred tax benefit (1)	—	—	(9)	—	—	(11)
Net amount recognized in accumulated other comprehensive loss (gain)	$ 110	$ (2)	$ (7)	$ 95	$ (2)	$ (7)

(1) CenterPoint Energy's and CERC's postretirement benefit obligation is reduced by the impact of previously non-taxable government subsidies under the Medicare Prescription Drug Act. Because the subsidies were non-taxable, the temporary difference used in measuring the deferred tax impact was determined on the unrecognized losses excluding such subsidies.

The changes in plan assets and benefit obligations recognized in other comprehensive income during 2018 are as follows:

	Pension Benefits	Postretirement Benefits	
	CenterPoint Energy	CenterPoint Energy	CERC
	(in millions)		
Net loss (gain)	$ 22	$ —	$ (1)
Amortization of net loss	(6)	—	—
Amortization of prior service cost	(1)	—	(1)
Total recognized in comprehensive income	$ 15	$ —	$ (2)
Total expense recognized in net periodic costs and Other comprehensive income	$ 76	$ 5	$ 3

(e) Pension Plan Assets (CenterPoint Energy)

In managing the investments associated with the benefit plans, CenterPoint Energy's objective is to achieve and maintain a fully funded plan. This objective is expected to be achieved through an investment strategy that manages liquidity requirements while maintaining a long-term horizon in making investment decisions and efficient and effective management of plan assets.

As part of the investment strategy discussed above, CenterPoint Energy maintained the following weighted average allocation targets for its pension plans as of December 31, 2018:

U.S. equity	12 - 28%
International developed market equity	7 - 17%
Emerging market equity	5 - 11%
Fixed income	55 - 65%

Cash 0 - 2%

The following tables set forth by level, within the fair value hierarchy (see Note 10), CenterPoint Energy's pension plan assets at fair value as of December 31, 2018 and 2017:

	Fair Value Measurements as of December 31,							
	2018				2017			
	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)	Total
	(in millions)							
Cash	$ 19	$ —	$ —	$ 19	$ 18	$ —	$ —	$ 18
Corporate bonds:								
Investment grade or above	—	368	—	368	—	432	—	432
Equity securities:								
U.S. companies	60	—	—	60	76	—	—	76
Cash received as collateral from securities lending	77	—	—	77	76	—	—	76
U.S. treasuries	196	—	—	196	67	—	—	67
Mortgage backed securities	—	6	—	6	—	8	—	8
Asset backed securities	—	1	—	1	—	1	—	1
Municipal bonds	—	27	—	27	—	47	—	47
Mutual funds (2)	167	—	—	167	211	—	—	211
International government bonds	—	16	—	16	—	17	—	17
Obligation to return cash received as collateral from securities lending	(77)	—	—	(77)	(76)	—	—	(76)
Total investments at fair value	$ 442	$ 418	$ —	860	$ 372	$ 505	$ —	877
Investments measured by net asset value per share or its equivalent (1) (2)				656				924
Total Investments				$ 1,516				$ 1,801

(1) Represents investments in common collective trust funds.

(2) The amounts invested in mutual funds and common collective trust funds were allocated as follows:

	As of December 31,			
	2018		2017	
	Mutual Funds	Common Collective Trust Funds	Mutual Funds	Common Collective Trust Funds
International equities	51%	37%	57%	34%
Emerging market equities	34%	4%	30%	5%
U.S. equities	15%	5%	13%	6%
Fixed income	—	54%	—	55%

The pension plan utilized both exchange traded and over-the-counter financial instruments such as futures, interest rate options and swaps that were marked to market daily with the gains/losses settled in the cash accounts. The pension plan did not include any holdings of CenterPoint Energy Common Stock as of December 31, 2018 or 2017.

(f) Postretirement Plan Assets

In managing the investments associated with the postretirement plans, the Registrants' objective is to achieve and maintain a fully funded plan. This objective is expected to be achieved through an investment strategy that manages liquidity requirements while maintaining a long-term horizon in making investment decisions and efficient and effective management of plan assets.

As part of the investment strategy discussed above, the Registrants maintained the following weighted average allocation targets for the postretirement plans as of December 31, 2018:

	CenterPoint Energy	Houston Electric	CERC
U.S. equity	13 - 23%	13 - 23%	15 - 25%
International developed market equity	3 - 13%	3 - 13%	2 - 12%
Fixed income	69 - 79%	69 - 79%	68 - 78%
Cash	0 - 2%	0 - 2%	0 - 2%

The following table presents mutual funds by level, within the fair value hierarchy, the Registrants' postretirement plan assets at fair value as of December 31, 2018 and 2017:

	Fair Value Measurements as of December 31,							
	2018				2017			
	Mutual Funds							
	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)	Total
	(in millions)							
CenterPoint Energy	$ 114	$ —	$ —	$ 114	$ 120	$ —	$ —	$ 120
Houston Electric	89	—	—	89	93	—	—	93
CERC	25	—	—	25	26	—	—	26

The amounts invested in mutual funds were allocated as follows:

	As of December 31,					
	2018			2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
Fixed income	74%	74%	73%	74%	74%	71%
U.S. equities	19%	19%	21%	18%	18%	21%
International equities	7%	7%	6%	8%	8%	8%

(g) Benefit Plan Contributions

The Registrants made the following contributions in 2018 and expect to make the following minimum contributions in 2019 to the indicated benefit plans below:

	Contributions in 2018			Expected Minimum Contributions in 2019		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Qualified pension plan	$ 60	$ —	$ —	$ 86	$ —	$ —
Non-qualified pension plan	9	—	—	7	—	—
Postretirement benefit plan	14	9	4	17	10	4

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The following benefit payments are expected to be paid by the pension and postretirement benefit plans:

	Pension Benefits	Postretirement Benefits		
	CenterPoint Energy	CenterPoint Energy	Houston Electric	CERC
	(in millions)			
2019	$ 141	$ 16	$ 9	$ 5
2020	146	19	10	6

2021	154	20	11	6
2022	155	21	11	7
2023	156	22	12	7
2024-2028	759	116	61	37

(h) Savings Plan

The Registrants participate in CenterPoint Energy's tax-qualified employee savings plan that includes a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code), and an employee stock ownership plan under Section 4975(e)(7) of the Code. Under the plan, participating employees may make pre-tax or Roth contributions up to 50%, and after tax contributions up to 16%, of their eligible compensation, not to exceed certain federally mandated limits. The Registrants match 100% of the first 6% of each employee's compensation contributed. The matching contributions are fully vested at all times.

Effective January 1, 2016, the savings plan was amended to limit the percentage of future contributions that could be invested in Common Stock to 25% and to prohibit transfers of account balances where the transfer would result in more than 25% of a participant's total account balance invested in Common Stock.

The savings plan has significant holdings of Common Stock. As of December 31, 2018, 12,062,915 shares of Common Stock were held by the savings plan, which represented approximately 16% of its investments. Given the concentration of the investments in Common Stock, the savings plan and its participants have market risk related to this investment.

CenterPoint Energy allocates to Houston Electric and CERC the savings plan benefit expense related to their respective employees. The following table summarizes the Registrants' savings plan benefit expense for 2018, 2017 and 2016:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Savings plan benefit expenses	$ 43	$ 17	$ 18	$ 41	$ 17	$ 17	$ 38	$ 15	$ 16

(i) Other Benefits Plans

The Registrants participate in CenterPoint Energy's plan that provides postemployment benefits for certain former or inactive employees, their beneficiaries and covered dependents, after employment but before retirement (primarily healthcare and life insurance benefits for participants in the long-term disability plan).

The Registrants participate in CenterPoint Energy's non-qualified deferred compensation plans that provide benefits payable to directors, officers and select employees or their designated beneficiaries at specified future dates or upon termination, retirement or death. Benefit payments are made from the general assets of the Registrants.

Expenses related to other benefit plans were recorded as follows:

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)								
Postemployment benefits	$ 3	$ 4	$ 1	$ 6	$ 1	$ 4	$ 5	$ 3	$ 3
Deferred compensation plans	3	1	—	3	1	—	3	1	—

Amounts related to other benefit plans were included in Benefit Obligations in the Registrants' accompanying Consolidated Balance Sheets as follows:

	December 31, 2018			December 31, 2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC

			(in millions)			
Postemployment benefits	$ 11	$ 3	$ 7	$ 20	$ 3	$ 14
Deferred compensation plans	42	9	3	45	10	3
Split-dollar life insurance arrangements	36	1	—	39	1	—

(j) Change in Control Agreements and Other Employee Matters

CenterPoint Energy has a change in control plan, which was amended and restated on May 1, 2017. The plan generally provides, to the extent applicable, in the case of a change in control of CenterPoint Energy and covered termination of employment, for severance benefits of up to three times annual base salary plus bonus, and other benefits. CenterPoint Energy officers, including the Executive Chairman, are participants under the plan.

As of December 31, 2018, the Registrants' employees were covered by collective bargaining agreements as follows:

		Percentage of Employees Covered		
	Agreement Expiration	CenterPoint Energy	Houston Electric	CERC
IBEW Local 66	May 2020	18%	51%	—
OPEIU Local 12 and Mankato	March and May 2021	3%	—	3%
Gas Workers Union Local 340	April 2020	6%	—	12%
IBEW Local 949	December 2020	3%	—	7%
USW Locals 13-227 and 13-1	June and July 2022	5%	—	11%
Total		35%	51%	33%

(9) Derivative Instruments

The Registrants are exposed to various market risks. These risks arise from transactions entered into in the normal course of business. The Registrants utilize derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices, weather and interest rates on operating results and cash flows.

(a) Non-Trading Activities

Commodity Derivative Instruments. CenterPoint Energy and CERC, through CES, enter into certain derivative instruments to mitigate the effects of commodity price movements. Certain financial instruments used to hedge portions of the natural gas inventory of the Energy Services reportable segment are designated as fair value hedges for accounting purposes. All other financial instruments do not qualify or are not designated as cash flow or fair value hedges.

Weather Hedges. CenterPoint Energy and CERC have weather normalization or other rate mechanisms that mitigate the impact of weather on NGD in Arkansas, Louisiana, Mississippi, Minnesota and Oklahoma. CenterPoint Energy's and CERC's NGD and CenterPoint Energy's electric operations in Texas do not have such mechanisms, although fixed customer charges are historically higher in Texas for NGD compared to its other jurisdictions. As a result, fluctuations from normal weather may have a positive

or negative effect on CenterPoint Energy's and CERC's NGD's results in Texas and on CenterPoint Energy's electric operations' results in its service territory.

CenterPoint Energy and CERC, as applicable, enter into winter season weather hedges from time to time for certain NGD jurisdictions and electric operations' service territory to mitigate the effect of fluctuations from normal weather on results of operations and cash flows. These weather hedges are based on heating degree days at 10-year normal weather. Houston Electric does not enter into weather hedges.

The table below summarizes CenterPoint Energy's and CERC's weather hedge gain (loss) activity:

			Year Ended December 31,		
Jurisdiction	Winter Season	Bilateral Cap	2018	2017	2016
			(in millions)		
Certain NGD jurisdictions	2018 – 2019	$ 9	$ —	$ —	$ —
Certain NGD jurisdictions	2017 – 2018	8	(2)	—	—
Total CERC (1)			(2)	—	—
Electric operations' Texas service territory	2018 – 2019	8	—	—	—

Electric operations' Texas service territory	2017 – 2018	9	(2)	—	—
Electric operations' Texas service territory	2016 – 2017	9	—	(1)	1
Total CenterPoint Energy (1)			$ (4)	$ (1)	$ 1

(1) Weather hedge gains (losses) are recorded in Revenues in the Statements of Consolidated Income.

Cash Flow Hedging of Interest Expense. From time to time, the Registrants enter into forward interest rate agreements with certain counterparties designated as cash flow hedges. The objective of these cash flow hedges is to reduce exposure to variability in cash flows related to interest payments on anticipated future fixed rate debt offerings or other exposure to variable rate debt. As of December 31, 2018 and 2017, the total outstanding notional amount of CenterPoint Energy's and Houston Electric's forward interest rate agreements related to cash flow hedges was $450 million and $-0-, respectively. The maximum length of time over which CenterPoint Energy and Houston Electric are exposed to the variability in future cash flows of the forecasted debt offerings is less than 12 months. For the impacts of cash flow hedges to accumulated other comprehensive income, see Note 13.

Economic Hedging of Interest Rate Risk. From time to time, the Registrants may enter into forward interest rate agreements with certain counterparties designated as economic hedges. The objective of these economic hedges is to offset any interest rate risk borne by one or more of the Registrants in connection with an anticipated future fixed rate debt offering or other exposure to variable rate debt. As of December 31, 2018 and 2017, the Registrants did not have any outstanding forward interest rate agreements related to economic hedges.

(b) Derivative Fair Values and Income Statement Impacts

The following tables present information about derivative instruments and hedging activities. The first three tables provide a balance sheet overview of Derivative Assets and Liabilities as of December 31, 2018 and 2017, while the last three tables provide a breakdown of the related income statement impacts for the years ending December 31, 2018, 2017 and 2016.

Fair Value of Derivative Instruments

		December 31, 2018		December 31, 2017	
	Balance Sheet Location	Derivative Assets Fair Value	Derivative Liabilities Fair Value	Derivative Assets Fair Value	Derivative Liabilities Fair Value
		(in millions)			
Derivatives designated as cash flow hedges:					
Interest rate derivatives	Current Liabilities: Non-trading derivative liabilities	$ —	$ 24	$ —	$ —
	Total Houston Electric	—	24	—	—
Derivatives designated as fair value hedges:					
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	1	7	13	1
Derivatives not designated as hedging instruments:					
Natural gas derivatives (1) (2) (3)	Current Assets: Non-trading derivative assets	103	3	114	4
Natural gas derivatives (1) (2) (3)	Other Assets: Non-trading derivative assets	38	—	44	—
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	62	173	38	78
Natural gas derivatives (1) (2) (3)	Other Liabilities: Non-trading derivative liabilities	16	25	9	24
	Total CERC	220	208	218	107
Indexed debt securities derivative	Current Liabilities	—	601	—	668
	Total CenterPoint Energy	$ 220	$ 833	$ 218	$ 775

(1) The fair value shown for natural gas contracts is comprised of derivative gross volumes totaling 1,674 Bcf or a net 140 Bcf long position and 1,795 Bcf or a net 224 Bcf long position as of December 31, 2018 and 2017, respectively. Certain natural gas contracts hedge basis risk only and lack a fixed price exposure.

(2) Natural gas contracts are presented on a net basis in the Consolidated Balance Sheets as they are subject to master netting arrangements This netting applies to all undisputed amounts due or past due and causes derivative assets (liabilities) to be ultimately presented net in a liability (asset) account within the Consolidated Balance Sheets The net of total non-trading natural gas derivative assets and liabilities is detailed in the Offsetting of Natural Gas Derivative Assets and Liabilities table below.

(3) Derivative Assets and Derivative Liabilities include no material amounts related to physical forward transactions with Enable.

Cumulative Basis Adjustment for Fair Value Hedges (CenterPoint Energy and CERC)

		December 31, 2018		December 31, 2017	
	Balance Sheet Location	Carrying Amount of Hedged Assets/ (Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of Hedged Item	Carrying Amount of Hedged Assets/ (Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of Hedged Item
		(in millions)			
Hedged items in fair value hedge relationship:					
Natural gas inventory	Current Assets: Natural gas inventory	$ 57	$ 1	$ 80	$ 14
	Total CenterPoint Energy and CERC	$ 57	$ 1	$ 80	$ 14

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Offsetting of Natural Gas Derivative Assets and Liabilities (CenterPoint Energy and CERC)

	December 31, 2018			December 31, 2017		
	Gross Amounts Recognized (1)	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets (2)	Gross Amounts Recognized (1)	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets (2)
	(in millions)					
Current Assets: Non-trading derivative assets	$ 166	$ (66)	$ 100	$ 165	$ (55)	$ 110
Other Assets: Non-trading derivative assets	54	(16)	38	53	(9)	44
Current Liabilities: Non-trading derivative liabilities	(183)	81	(102)	(83)	63	(20)
Other Liabilities: Non-trading derivative liabilities	(25)	20	(5)	(24)	20	(4)
Total	$ 12	$ 19	$ 31	$ 111	$ 19	$ 130

(1) Gross amounts recognized include some derivative assets and liabilities that are not subject to master netting arrangements.

(2) The derivative assets and liabilities on the Consolidated Balance Sheets exclude accounts receivable or accounts payable that, should they exist, could be used as offsets to these balances in the event of a default.

Income Statement Impact of Hedge Accounting Activity (CenterPoint Energy and CERC)

	Year Ended December 31,		
	2018	2017	2016
	Location and Amount of Gain (Loss) recognized in Income on Hedging Relationship (2)		
	Non-utility natural gas expense		
	(in millions)		
Total amounts presented in the statements of income in which the effects of hedges are recorded	$ 4,364	$ 3,785	$ 1,983
Gain (loss) on fair value hedging relationships:			
Commodity contracts:			
Hedged items - Natural gas inventory	(13)	14	—
Derivatives designated as hedging instruments	13	(14)	—
Amounts excluded from effectiveness testing recognized in earnings immediately (1)	(149)	(67)	70

(1) Upon adoption of ASU 2017-12 effective January 1, 2018 (see Note 2 for additional information), CenterPoint Energy and CERC elected to exclude from their assessment of hedge effectiveness the natural gas market price difference between locations of the hedged inventory and the delivery location specified in the hedge instruments. Prior to the adoption of this accounting guidance, the timing difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity, was excluded from the assessment of effectiveness for CenterPoint Energy's and CERC's existing fair value hedges and will continue to be excluded from the assessment of hedge effectiveness. CenterPoint Energy and CERC elected to continue to immediately recognize amounts excluded from hedge effectiveness in their respective Statements of Consolidated Income.

(2) Income statement impact associated with cash flow hedge activity is related to gains and losses reclassified from Accumulated other comprehensive income into income. Amounts are immaterial for the Registrants for the years ended December 31, 2018, 2017 and 2016, respectively.

	Income Statement Location	Year Ended December 31, 2018	2017	2016
		(in millions)		
Effects of derivatives not designated as hedging instruments on the income statement:				
Commodity contracts	Gains (Losses) in Non-utility revenues	$ 107	$ 211	$ (18)
	Total CERC	107	211	(18)
Indexed debt securities derivative	Gains (Losses) in Other Income (Expense)	(232)	49	(413)
Interest rate derivatives	Gains in Other Income (Expense)	2	—	—
	Total CenterPoint Energy	$ (123)	$ 260	$ (431)

(c) Credit Risk Contingent Features

CenterPoint Energy and CERC enter into financial derivative contracts containing material adverse change provisions. These provisions could require CenterPoint Energy or CERC to post additional collateral if the S&P or Moody's credit ratings of CenterPoint Energy, Inc. or its subsidiaries, including CERC Corp., are downgraded.

CenterPoint Energy and CERC

	December 31, 2018	December 31, 2017
	(in millions)	
Aggregate fair value of derivatives containing material adverse change provisions in a net liability position	$ 1	$ 2
Fair value of collateral already posted	—	—
Additional collateral required to be posted if credit risk contingent features triggered	—	2

(d) Credit Quality of Counterparties

In addition to the risk associated with price movements, credit risk is also inherent in CenterPoint Energy's and CERC's non-trading derivative activities. Credit risk relates to the risk of loss resulting from non-performance of contractual obligations by a counterparty. The following table shows the composition of counterparties to the non-trading derivative assets:

CenterPoint Energy and CERC

	December 31, 2018		December 31, 2017	
	Investment Grade (1)	Total (3)	Investment Grade (1)	Total (3)
	(in millions)			
Energy marketers	$ 11	$ 24	$ 6	$ 45
End users (2)	30	114	17	109
Total	$ 41	$ 138	$ 23	$ 154

(1) "Investment grade" is primarily determined using publicly available credit ratings and considers credit support (including parent company guarantees) and collateral (including cash and standby letters of credit). For unrated counterparties, CenterPoint Energy and CERC determine a synthetic credit rating by performing financial statement analysis and consider contractual rights and restrictions and collateral.

(2) End users are comprised primarily of customers who have contracted to fix the price of a portion of their physical gas requirements for future periods.

(3) The amounts reflected in the table above were not impacted by collateral netting.

(10) Fair Value Measurements

Assets and liabilities that are recorded at fair value in the Registrants' Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their value. Hierarchical levels, as defined below and directly related to the amount of subjectivity associated with the inputs to fair valuations of these assets and liabilities, are as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets carried at Level 1 fair value generally are exchange-traded derivatives and equity securities, as well as natural gas inventory that has been designated as the hedged item in a fair value hedge.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability. Fair value assets and liabilities that are generally included in this category are derivatives with fair values based on inputs from actively quoted markets. A market approach is utilized to value the Registrants' Level 2 natural gas derivative assets or liabilities. CenterPoint Energy's Level 2 indexed debt securities derivative is valued using an option model and a discounted cash flow model, which uses projected dividends on the ZENS-Related Securities and a discount rate as observable inputs.

Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Unobservable inputs reflect the Registrants' judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Registrants develop these inputs based on the best information available, including the Registrants' own data. A market approach is utilized to value the Registrants' Level 3 assets or liabilities. As of December 31, 2018, CenterPoint Energy's and CERC's Level 3 assets and liabilities are comprised of physical natural gas forward contracts and options. Level 3 physical natural gas forward contracts and options are valued using a discounted cash flow model which includes illiquid forward price curve locations (ranging from $1.39 to $5.96 per MMBtu) as an unobservable input. CenterPoint Energy's and CERC's Level 3 physical natural gas forward contracts and options derivative assets and liabilities consist of both long and short positions (forwards and options). Forward price decreases (increases) as of December 31, 2018 would have resulted in lower (higher) values, respectively, for long forwards and options and higher (lower) values, respectively, for short forwards and options.

The Registrants determine the appropriate level for each financial asset and liability on a quarterly basis and recognize transfers between levels at the end of the reporting period.

The following tables present information about the Registrants' assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis as of December 31, 2018 and December 31, 2017, and indicate the fair value hierarchy of the valuation techniques utilized by the Registrants to determine such fair value.

CenterPoint Energy

	December 31, 2018					December 31, 2017				
	Level 1 (4)	Level 2	Level 3	Netting (1)	Total	Level 1 (4)	Level 2	Level 3	Netting (1)	Total
	(in millions)									
Assets										
Corporate equities	$ 542	$ —	$ —	$ —	$ 542	$ 963	$ —	$ —	$ —	$ 963
Investments, including money market funds (2)	66	—	—	—	66	68	—	—	—	68
Natural gas derivatives (3)(4)	—	173	47	(82)	138	—	161	57	(64)	154
Hedged portion of natural gas inventory	1	—	—	—	1	14	—	—	—	14
Total assets	$ 609	$ 173	$ 47	$ (82)	$ 747	$ 1,045	$ 161	$ 57	$ (64)	$ 1,199
Liabilities										
Indexed debt securities derivative	$ —	$ 601	$ —	$ —	$ 601	$ —	$ —	$ 668	$ —	$ 668
Interest rate derivatives	24	—	—	—	24	—	—	—	—	—
Natural gas derivatives (3)(4)	—	191	17	(101)	107	—	96	11	(83)	24

Total liabilities	$ 24	$ 792	$ 17	$ (101)	$ 732	$ —	$ 96	$ 679	$ (83)	$ 692

Houston Electric

	December 31, 2018					December 31, 2017				
	Level 1	Level 2	Level 3	Netting	Total	Level 1	Level 2	Level 3	Netting	Total
Assets	(in millions)									
Investments, including money market funds (2)	$ 48	$ —	$ —	$ —	$ 48	$ 51	$ —	$ —	$ —	$ 51
Total assets	$ 48	$ —	$ —	$ —	$ 48	$ 51	$ —	$ —	$ —	$ 51
Liabilities										
Interest rate derivatives	$ 24	$ —	$ —	$ —	$ 24	$ —	$ —	$ —	$ —	$ —
Total liabilities	$ 24	$ —	$ —	$ —	$ 24	$ —	$ —	$ —	$ —	$ —

CERC

	December 31, 2018					December 31, 2017				
	Level 1 (4)	Level 2	Level 3	Netting (1)	Total	Level 1 (4)	Level 2	Level 3	Netting (1)	Total
Assets	(in millions)									
Corporate equities	$ 2	$ —	$ —	$ —	$ 2	$ 3	$ —	$ —	$ —	$ 3
Investments, including money market funds (2)	11	—	—	—	11	11	—	—	—	11
Natural gas derivatives (3)(4)	—	173	47	(82)	138	—	161	57	(64)	154
Hedged portion of natural gas inventory	1	—	—	—	1	14	—	—	—	14
Total assets	$ 14	$ 173	$ 47	$ (82)	$ 152	$ 28	$ 161	$ 57	$ (64)	$ 182
Liabilities										
Natural gas derivatives (3)(4)	$ —	$ 191	$ 17	$ (101)	$ 107	$ —	$ 96	$ 11	$ (83)	$ 24
Total liabilities	$ —	$ 191	$ 17	$ (101)	$ 107	$ —	$ 96	$ 11	$ (83)	$ 24

(1) Amounts represent the impact of legally enforceable master netting arrangements that allow CenterPoint Energy and CERC to settle positive and negative positions and also include cash collateral of $19 million as of both December 31, 2018 and 2017, respectively, posted with the same counterparties.

(2) Amounts are included in Prepaid and Other Current Assets and Other Assets in the Consolidated Balance Sheets.

(3) Natural gas derivatives include no material amounts related to physical forward transactions with Enable.

(4) Level 1 natural gas derivatives include exchange-traded derivatives cleared by the CME, which deems that financial instruments cleared by the CME are settled daily in connection with posted cash payments. As a result of this exchange rule, CME-related derivatives are considered to have no fair value at the balance sheet date for financial reporting purposes, and are presented in Level 1 net of posted cash; however, the derivatives remain outstanding and subject to future commodity price fluctuations until they are settled in accordance with their contractual terms. Derivative transactions cleared on exchanges other than the CME (e.g., the Intercontinental Exchange or ICE) continue to be reported on a gross basis.

The following table presents additional information about assets or liabilities, including derivatives that are measured at fair value on a recurring basis for which CenterPoint Energy and CERC have utilized Level 3 inputs to determine fair value:

Year Ended December 31,		
2018	2017	2016

	CenterPoint Energy	CERC	CenterPoint Energy	CERC	CenterPoint Energy	CERC
			(in millions)			
Beginning balance	$ (622)	$ 46	$ (704)	$ 13	$ 12	$ 12
Purchases (1)	—	—	—	—	12	12
Total gains (losses)	30	30	96	47	12	12
Total settlements	(39)	(39)	(11)	(11)	(27)	(27)
Transfers into Level 3 (2)	5	5	14	14	(712)	5
Transfers out of Level 3 (3)	656	(12)	(17)	(17)	(1)	(1)
Ending balance (4)	$ 30	$ 30	$ (622)	$ 46	$ (704)	$ 13
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date:	$ 18	$ 18	$ 87	$ 38	$ (402)	$ 11

(1) Mark-to-market value of Level 3 derivative assets acquired through the purchase of AEM were less than $1 million at the acquisition date.

(2) During 2016, CenterPoint Energy transferred its indexed debt securities from Level 2 to Level 3 to reflect changes in the significance of the unobservable inputs used in the valuation.

(3) During 2018, CenterPoint Energy transferred its indexed debt securities derivative from Level 3 to Level 2 to reflect changes in the significance of the unobservable inputs used in the valuation.

(4) CenterPoint Energy and CERC did not have significant Level 3 sales during any of the years ended December 31, 2018, 2017 or 2016.

Items Measured at Fair Value on a Nonrecurring Basis

As of December 31, 2018 and 2017, there were no significant assets or liabilities measured at fair value on a nonrecurring basis.

Estimated Fair Value of Financial Instruments

The fair values of cash and cash equivalents, investments in debt and equity securities classified as "trading" and short-term borrowings are estimated to be approximately equivalent to carrying amounts and have been excluded from the table below. The carrying amounts of non-trading derivative assets and liabilities and CenterPoint Energy's ZENS indexed debt securities derivative are stated at fair value and are excluded from the table below. The fair value of each debt instrument is determined by multiplying the principal amount of each debt instrument by a combination of historical trading prices and comparable issue data. These liabilities, which are not measured at fair value in the Registrants' Consolidated Balance Sheets, but for which the fair value is disclosed, would be classified as Level 2 in the fair value hierarchy.

	December 31, 2018			December 31, 2017		
	CenterPoint Energy (1)	Houston Electric (1)	CERC	CenterPoint Energy (1)	Houston Electric (1)	CERC
Long-term debt, including current maturities				(in millions)		
Carrying amount	$ 9,140	$ 4,717	$ 2,371	$ 8,679	$ 4,753	$ 2,457
Fair value	9,308	4,770	2,488	9,220	5,034	2,708

(1) Includes Securitization Bond debt.

(11) Unconsolidated Affiliate (CenterPoint Energy and CERC)

CenterPoint Energy has the ability to significantly influence the operating and financial policies of Enable, a publicly traded MLP, and, accordingly, accounts for its investment in Enable's common units using the equity method of accounting. Upon the adoption of ASU 2014-09 and ASU 2017-05 on January 1, 2018, CenterPoint Energy and CERC evaluated transactions in the investment in Enable that occurred prior to January 1, 2018 (the effective date) and concluded a cumulative effect adjustment to the opening balance of retained earnings was not required. See Note 2(r) for further discussion.

Enable is considered to be a VIE because the power to direct the activities that most significantly impact Enable's economic performance does not reside with the holders of equity investment at risk. However, CenterPoint Energy is not considered the primary beneficiary of Enable since it does not have the power to direct the activities of Enable that are considered most significant to the economic performance of Enable. As of December 31, 2018, CenterPoint Energy's maximum exposure to loss related to Enable is limited to the equity investment, its investment in Enable Series A Preferred Units and outstanding current accounts receivable from Enable.

On September 4, 2018, CERC entered into a Contribution Agreement, by and between CERC and CNP Midstream, a new subsidiary formed by CERC in June 2018, pursuant to which CERC contributed its equity investment in Enable consisting of Enable common units and its interests in Enable GP, to CNP Midstream (collectively, the Enable Contribution). Immediately following the Enable Contribution, CERC distributed all of its interest in CNP Midstream to Utility Holding, CERC's sole stockholder and a wholly-owned subsidiary of CenterPoint Energy. Utility Holding then distributed all of its interest in CNP Midstream to CenterPoint Energy, its sole member (collectively with the Enable Contribution, the Internal Spin). CERC executed the Internal Spin to, among other things, enhance the access of CERC and CenterPoint Energy to low cost debt and equity through increased transparency and understandability of the financial statements, improve CERC's credit quality by eliminating the exposure to Enable's midstream business and provide clarity of internal reporting and performance metrics to enhance management's decision making for CERC and CNP Midstream.

The Internal Spin has been accounted for under the guidance for transactions between entities under common control. As of September 4, 2018, CERC derecognized its investment in Enable at carrying value on the date of distribution of $2.4 billion, net of deferred income taxes of $974 million, and CNP Midstream recorded the net asset contribution from CERC at CERC's carrying value. Neither CERC nor CNP Midstream recognized a gain or loss upon the distribution or contribution, respectively, of net assets involved in the Internal Spin. In connection with the Internal Spin, CenterPoint Energy, through Utility Holding, made a $600 million capital contribution to CERC, which was used by CERC to repay outstanding indebtedness that historically supported CERC's legacy midstream assets. See Note 21 for further discussion.

As a result of the Internal Spin, CERC's equity in earnings in Enable and related income taxes have been classified as discontinued operations in CERC's Consolidated Financial Statements as detailed below.

Limited Partner Interest and Units Held in Enable (CenterPoint Energy and CERC):

	As of December 31,					
	2018			2017		
	Limited Partner Interest (1)	Common Units	Enable Series A Preferred Units (2)	Limited Partner Interest (1)	Common Units	Enable Series A Preferred Units (2)
CenterPoint Energy (3)	54.0%	233,856,623	14,520,000	54.1%	233,856,623	14,520,000
OGE	25.6%	110,982,805	—	25.7%	110,982,805	—
Public unitholders	20.4%	88,392,983	—	20.2%	87,744,652	—

(1) Excludes the Enable Series A Preferred Units owned by CenterPoint Energy.

(2) The carrying amount of the Enable Series A Preferred Units, reflected as Preferred units - unconsolidated affiliate on CenterPoint Energy's Consolidated Balance Sheets, was $363 million as of both December 31, 2018 and 2017. No impairment charges or adjustment to carrying value were made as no observable price changes were identified in the current or prior reporting periods. See Note 2(r) for further discussion.

(3) Prior to the Internal Spin on September 4, 2018 described above, CenterPoint Energy's investment in Enable's common units, excluding the Enable Series A Preferred Units held directly by CenterPoint Energy, was held indirectly through CERC.

Generally, sales to any person or entity (including a series of sales to the same person or entity) of more than 5% of the aggregate of the common units CenterPoint Energy owns in Enable or sales to any person or entity (including a series of sales to the same person or entity) by OGE of more than 5% of the aggregate of the common units it owns in Enable are subject to mutual rights of first offer and first refusal set forth in Enable's Agreement of Limited Partnership.

Interests Held in Enable GP (CenterPoint Energy and CERC):

CenterPoint Energy and OGE held the following interests in Enable GP as of both December 31, 2018 and 2017:

	Management Rights (1)	Incentive Distribution Rights (2)
CenterPoint Energy (3)	50%	40%
OGE	50%	60%

(1) As of December 31, 2018, Enable is controlled jointly by CenterPoint Energy and OGE. Sale of CenterPoint Energy's or OGE's ownership interests in Enable GP to a third party is subject to mutual rights of first offer and first refusal, and CenterPoint Energy is not permitted to dispose of less than all of its interest in Enable GP.

(2) Enable is expected to pay a minimum quarterly distribution of $0.2875 per common unit on its outstanding common units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to Enable GP and its affiliates, within 60 days after the end of each quarter. If cash distributions to Enable's unitholders exceed $0.330625 per common unit in any quarter, Enable GP will receive increasing percentages or incentive distributions rights, up to 50%, of the cash Enable distributes in excess of that amount. In certain circumstances Enable GP will have the right to reset the minimum quarterly distribution and the target distribution levels at which the incentive distributions receive increasing percentages to higher levels based on Enable's cash distributions at the time of the exercise of this reset election. To date, no incentive distributions have been made.

(3) CenterPoint Energy held the management rights and incentive distributions rights in Enable GP indirectly through CERC until the Internal Spin on September 4, 2018 described above.

Distributions Received from Enable (CenterPoint Energy and CERC):

	Year Ended December 31,					
	2018		2017		2016	
	Per Unit	Cash Distribution	Per Unit	Cash Distribution	Per Unit	Cash Distribution
	(in millions, except per unit amounts)					
Enable common units (1)	$ 0.9540	$ 223	$ 1.2720	$ 297	$ 1.2720	$ 297
Total CERC		223		297		297
Enable common units (1)	0.3180	74	—	—	—	—
Enable Series A Preferred Units (2)	2.5000	36	2.5000	36	1.5417	22
Total CenterPoint Energy		$ 333		$ 333		$ 319

(1) Reflects CERC's ownership of Enable common units up to September 4, 2018 when CERC completed the Internal Spin. After such date, distributions from Enable were received directly by CenterPoint Energy.

(2) 2016 amounts represent the period from February 18, 2016 to December 31, 2016.

Transactions with Enable (CenterPoint Energy and CERC):

	Year Ended December 31,		
	2018	2017	2016
CenterPoint Energy and CERC	(in millions)		
Natural gas expenses, including transportation and storage costs	$ 122	$ 115	$ 110
CenterPoint Energy			
Reimbursement of transition services (1)	4	4	7

(1) Represents amounts billed under the Transition Agreements for certain support services provided to Enable. Actual transition services costs are recorded net of reimbursement.

	December 31,	
	2018	2017
CenterPoint Energy and CERC	(in millions)	
Accounts payable for natural gas purchases from Enable	$ 11	$ 13
CenterPoint Energy		
Accounts receivable for amounts billed for transition services	2	1

CERC's continuing involvement with Enable subsequent to the Internal Spin is limited to its natural gas purchases from Enable.

Summarized consolidated income (loss) information for Enable is as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Operating revenues	$ 3,431	$ 2,803	$ 2,272
Cost of sales, excluding depreciation and amortization	1,819	1,381	1,017
Depreciation and amortization	398	366	338
Operating income	648	528	385
Net income attributable to Enable common units	485	400	290
Reconciliation of Equity in Earnings (Losses), net:			
CenterPoint Energy's interest	$ 262	$ 216	$ 160
Basis difference amortization (1)	47	49	48
Loss on dilution, net of proportional basis difference recognition	(2)	—	—
CenterPoint Energy's equity in earnings, net	$ 307	$ 265	$ 208

(1) Equity in earnings of unconsolidated affiliate includes CenterPoint Energy's share of Enable earnings adjusted for the amortization of the basis difference of CenterPoint Energy's original investment in Enable and its underlying equity in net assets of Enable. The basis difference is being amortized over approximately 30 years, the remaining average life of the assets to which the basis difference is attributed.

Summarized consolidated balance sheet information for Enable is as follows:

	December 31,	
	2018	2017
	(in millions)	
Current assets	$ 449	$ 416
Non-current assets	11,995	11,177
Current liabilities	1,615	1,279
Non-current liabilities	3,211	2,660
Non-controlling interest	38	12
Preferred equity	362	362
Enable partners' equity	7,218	7,280
Reconciliation of Investment in Enable:		
CenterPoint Energy's ownership interest in Enable partners' equity	$ 3,896	$ 3,935
CenterPoint Energy's basis difference	(1,414)	(1,463)
CenterPoint Energy's equity method investment in Enable	$ 2,482	$ 2,472

Discontinued Operations (CERC):

The Internal Spin represents a significant strategic shift that has a material effect on CERC's operations and financial results and, as a result, CERC's distribution of its equity investment in Enable met the criteria for discontinued operations classification. CERC has no continuing involvement in the equity investment of Enable. Therefore, CERC's equity in earnings and related income taxes have been classified as Income from discontinued operations, net of tax, in CERC's Statements of Consolidated Income for the periods presented. CERC's equity method investment and related deferred income tax liabilities have been classified as Investment in unconsolidated affiliate - discontinued operations and Deferred income taxes, net - discontinued operations, respectively, in CERC's Consolidated Balance Sheets for the periods presented. The following table presents amounts included in Income from discontinued operations, net of tax in CERC's Statements of Consolidated Income.

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Equity in earnings of unconsolidated affiliate, net	$ 184	$ 265	$ 208
Income tax expense	46	104	81
Income from discontinued operations, net of tax	$ 138	$ 161	$ 127

(12) Indexed Debt Securities (ZENS) and Securities Related to ZENS (CenterPoint Energy)

(a) Investment in Securities Related to ZENS

In 1995, CenterPoint Energy sold a cable television subsidiary to TW and received certain ZENS-Related Securities as partial consideration. A subsidiary of CenterPoint Energy holds shares of certain securities detailed in the table below, which are classified as trading securities and are expected to be held to facilitate CenterPoint Energy's ability to meet its obligation under the ZENS. Unrealized gains and losses resulting from changes in the market value of the ZENS-Related Securities are recorded in CenterPoint Energy's Statements of Consolidated Income.

	Shares Held at December 31,	
	2018	**2017**
AT&T Common	10,212,945	—
Charter Common	872,912	872,503
Time Common	—	888,392
TW Common	—	7,107,130

(b) ZENS

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of $1 billion of which $828 million remained outstanding as of December 31, 2018. Each ZENS was originally exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares of TW Common attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

On October 22, 2016, AT&T announced that it had entered into a definitive agreement to acquire TW in a stock and cash transaction. On February 15, 2017, TW shareholders approved the announced transaction with AT&T. The merger closed on June 14, 2018. CenterPoint Energy received $53.75 and 1.437 shares of AT&T Common for each share of TW Common held, resulting in cash proceeds of $382 million and 10,212,945 shares of AT&T Common. In accordance with the terms of the ZENS, CenterPoint Energy remitted $382 million to ZENS note holders in July 2018, which reduced the ZENS contingent principal amount.

On November 26, 2017, Meredith announced that it had entered into a definitive merger agreement with Time. Pursuant to the merger agreement, upon closing of the merger, a subsidiary of Meredith would purchase for cash all outstanding Time Common shares for $18.50 per share. The transaction was consummated on January 31, 2018. CenterPoint Energy elected to make a reference share offer adjustment and distribute additional interest, if any, in accordance with the terms of its ZENS rather than electing to increase the early exchange ratio to 100%. CenterPoint Energy's distribution of additional interest in connection with the reference share offer was proportionate to the percentage of eligible shares that were validly tendered by Time stockholders in Meredith's tender offer. CenterPoint Energy received $18.50 for each share of Time Common held, resulting in cash proceeds of approximately

$16 million. In accordance with the terms of the ZENS, CenterPoint Energy distributed additional interest of approximately $16 million to ZENS holders on March 6, 2018, which reduced the ZENS contingent principal amount.

As a result, CenterPoint Energy recorded the following during the year ended December 31, 2018 related to the events discussed above:

	Meredith/Time	AT&T/TW
	(in millions)	
Cash payment to ZENS note holders	$ 16	$ 382
Indexed debt – reduction	(4)	(95)
Indexed debt securities derivative – reduction	(1)	(45)
Loss on indexed debt securities	$ 11	$ 242

CenterPoint Energy's reference shares for each ZENS consisted of the following:

	December 31,	
	2018	**2017**
	(in shares)	
AT&T Common	0.7185	—
Charter Common	0.061382	0.061382
Time Common	—	0.0625

CenterPoint Energy pays interest on the ZENS at an annual rate of 2% plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of ZENS is subject to being increased or decreased to the extent that the annual yield from interest and cash dividends on the reference shares is less than or more than 2.309%. The adjusted principal amount is defined in the ZENS instrument as "contingent principal." At December 31, 2018, ZENS having an original principal amount of $828 million and a contingent principal amount of $93 million were outstanding and were exchangeable, at the option of the holders, for cash equal to 95% of the market value of reference shares deemed to be attributable to the ZENS. As of December 31, 2018, the market value of such shares was approximately $540 million, which would provide an exchange amount of $620 for each $1,000 original principal amount of ZENS. At maturity of the ZENS in 2029, CenterPoint Energy will be obligated to pay in cash the higher of the contingent principal amount of the ZENS or an amount based on the then-current market value of the reference shares, which will include any additional publicly-traded securities distributed with respect to the current reference shares prior to maturity.

The ZENS obligation is bifurcated into a debt component and a derivative component (the holder's option to receive the appreciated value of the reference shares at maturity). The bifurcated debt component accretes through interest charges annually up to the contingent principal amount of the ZENS in 2029. Such accretion will be reduced by annual cash interest payments, as described above. The derivative component is recorded at fair value and changes in the fair value of the derivative component are recorded in CenterPoint Energy's Statements of Consolidated Income. Changes in the fair value of the ZENS-Related Securities held by CenterPoint Energy are expected to substantially offset changes in the fair value of the derivative component of the ZENS.

The following table sets forth summarized financial information regarding CenterPoint Energy's investment in ZENS-Related Securities and each component of CenterPoint Energy's ZENS obligation.

	ZENS-Related Securities	Debt Component of ZENS	Derivative Component of ZENS
		(in millions)	
Balance as of December 31, 2015	$ 805	$ 145	$ 442
Accretion of debt component of ZENS	—	26	—
2% interest paid	—	(17)	—
Sale of ZENS-Related Securities	(178)	—	—
Distribution to ZENS holders	—	(40)	(21)
Loss on indexed debt securities	—	—	296
Gain on ZENS-Related Securities	326	—	—
Balance as of December 31, 2016	953	114	717
Accretion of debt component of ZENS	—	27	—
2% interest paid	—	(17)	—
Distribution to ZENS holders	—	(2)	—
Gain on indexed debt securities	—	—	(49)
Gain on ZENS-Related Securities	7	—	—
Balance as of December 31, 2017	960	122	668
Accretion of debt component of ZENS	—	21	—
2% interest paid	—	(17)	—
Sale of ZENS-Related Securities	(398)	—	—
Distribution to ZENS holders	—	(102)	(46)
Gain on indexed debt securities	—	—	(21)
Loss on ZENS-Related Securities	(22)	—	—
Balance as of December 31, 2018	$ 540	$ 24	$ 601

(13) Equity (CenterPoint Energy)

Dividends Declared

CenterPoint Energy declared dividends on its Common Stock during 2018, 2017 and 2016 as presented in the table below:

Declaration Date	Record Date	Payment Date	Per Share	Total (in millions)
December 12, 2018	February 21, 2019	March 14, 2019	$ 0.2875	$ 144
October 23, 2018	November 15, 2018	December 13, 2018	0.2775	139
July 26, 2018	August 16, 2018	September 13, 2018	0.2775	120
April 26, 2018	May 17, 2018	June 14, 2018	0.2775	120
Total 2018			$ 1.1200	$ 523
December 13, 2017	February 15, 2018	March 8, 2018	$ 0.2775	$ 120
October 25, 2017	November 16, 2017	December 8, 2017	0.2675	116
July 27, 2017	August 16, 2017	September 8, 2017	0.2675	115
April 27, 2017	May 16, 2017	June 9, 2017	0.2675	115
January 5, 2017	February 16, 2017	March 10, 2017	0.2675	115
Total 2017			$ 1.3475	$ 581

Declaration Date	Record Date	Payment Date	Per Share	Total (in millions)
October 27, 2016	November 16, 2016	December 9, 2016	$ 0.2575	$ 111
July 28, 2016	August 16, 2016	September 9, 2016	0.2575	111
April 28, 2016	May 16, 2016	June 10, 2016	0.2575	111
January 20, 2016	February 16, 2016	March 10, 2016	0.2575	110
Total 2016			$ 1.0300	$ 443

CenterPoint Energy declared dividends on its Series A Preferred Stock during 2018 as presented in the table below:

Declaration Date	Record Date	Payment Date	Per Share	Total
				(in millions)
December 12, 2018	February 15, 2019	March 1, 2019	$ 32.1563	$ 26
Total 2018			$ 32.1563	$ 26

CenterPoint Energy declared dividends on its Series B Preferred Stock during 2018 as presented in the table below:

Declaration Date	Record Date	Payment Date	Per Share	Total
				(in millions)
December 12, 2018	February 15, 2019	March 1, 2019	$ 17.5000	$ 17
October 23, 2018	November 15, 2018	December 1, 2018	11.6667	11
Total 2018			$ 29.1667	$ 28

There were no Series A Preferred Stock or Series B Preferred Stock outstanding or dividends declared in 2017 and 2016.

Dividend Requirement on Preferred Stock

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Series A Preferred Stock	$ 18	$ —	$ —
Series B Preferred Stock	17	—	—
Total preferred stock dividend requirement	$ 35	$ —	$ —

Series A Preferred Stock

On August 22, 2018, CenterPoint Energy completed the issuance of 800,000 shares of its Series A Preferred Stock, at a price of $1,000 per share, resulting in net proceeds of $790 million after issuance costs. The aggregate liquidation value of the Series A Preferred Stock is $800 million with a per share liquidation value of $1,000.

CenterPoint Energy used the net proceeds from the Series A Preferred Stock offering to fund a portion of the Merger and to pay related fees and expenses.

Dividends. The Series A Preferred Stock accrue cumulative dividends, calculated as a percentage of the stated amount per share, at a fixed annual rate of 6.125% per annum to, but excluding, September 1, 2023, and at an annual rate of three-month LIBOR plus a spread of 3.270% thereafter to be paid in cash if, when and as declared. If declared, prior to September 1, 2023, dividends are payable semi-annually in arrears on each March 1 and September 1, beginning on March 1, 2019, and, for the period commencing on September 1, 2023, dividends are payable quarterly in arrears each March 1, June 1, September 1 and December 1, beginning on December 1, 2023. Cumulative dividends earned during the applicable periods are presented on CenterPoint Energy's Statements of Consolidated Income as Preferred stock dividend requirement.

Optional Redemption. On or after September 1, 2023, CenterPoint Energy may, at its option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $1,000 per share, plus any accumulated and unpaid dividends thereon to, but excluding, the redemption date.

At any time within 120 days after the conclusion of any review or appeal process instituted by CenterPoint Energy, if any, following the occurrence of a ratings event, CenterPoint Energy may, at its option, redeem the Series A Preferred Stock in whole, but not in part, at a redemption price in cash per share equal to $1,020 (102% of the liquidation value of $1,000) plus an amount equal to all accumulated and unpaid dividends thereon to, but excluding, the redemption date, whether or not declared.

Ranking. The Series A Preferred Stock, with respect to anticipated dividends and distributions upon CenterPoint Energy's liquidation or dissolution, or winding-up of CenterPoint Energy's affairs, ranks or will rank:

- senior to Common Stock and to each other class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;

- on a parity with any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock, including the Series B Preferred Stock;

- junior to any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;

- junior to all existing and future indebtedness (including indebtedness outstanding under CenterPoint Energy's credit facilities, senior notes and commercial paper) and other liabilities with respect to assets available to satisfy claims against CenterPoint Energy; and

- structurally subordinated to any existing and future indebtedness and other liabilities of CenterPoint Energy's subsidiaries and capital stock of CenterPoint Energy's subsidiaries held by third parties.

Voting Rights. Holders of the Series A Preferred Stock generally will not have voting rights. Whenever dividends on shares of Series A Preferred Stock have not been declared and paid for the equivalent of three or more semi-annual or six or more quarterly dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the original issue date and ending on, but excluding, March 1, 2019), whether or not consecutive, the holders of such shares of Series A Preferred Stock, voting together as a single class with holders of any and all other series of voting preferred stock (as defined in the Statement of Resolution for the Series A Preferred Stock) then outstanding, will be entitled at CenterPoint Energy's next annual or special meeting of shareholders to vote for the election of a total of two additional members of CenterPoint Energy's Board of Directors, subject to certain limitations. This right will terminate if and when all accumulated dividends have been paid in full and, upon such termination, the term of office of each director so elected will terminate at such time and the number of directors on CenterPoint Energy's Board of Directors will automatically decrease by two, subject to the revesting of such rights in the event of each subsequent nonpayment.

Series B Preferred Stock

On October 1, 2018, CenterPoint Energy completed the issuance of 19,550,000 depositary shares, each representing a 1/20th interest in a share of its Series B Preferred Stock, at a price of $50 per depositary share, resulting in net proceeds of $950 million after issuance costs. The aggregate liquidation value of Series B Preferred Stock is $978 million with a per share liquidation value of $1,000. The amount issued included 2,550,000 depositary shares issued pursuant to the exercise in full of the option granted to the underwriters to purchase additional depositary shares.

CenterPoint Energy used the net proceeds from the offering of depositary shares, each representing a 1/20th interest in a share of its Series B

Preferred Stock, to fund a portion of the Merger and to pay related fees and expenses.

Dividends. Dividends on the Series B Preferred Stock will be payable on a cumulative basis when, as and if declared at an annual rate of 7.00% on the liquidation value of $1,000 per share. CenterPoint Energy may pay declared dividends in cash or, subject to certain limitations, in shares of Common Stock, or in any combination of cash and shares of Common Stock on March 1, June 1, September 1 and December 1 of each year, commencing on December 1, 2018 and ending on, and including, September 1, 2021. Cumulative dividends earned during the applicable periods are presented on CenterPoint Energy's Statements of Consolidated Income as Preferred stock dividend requirement.

Mandatory Conversion. Unless earlier converted or redeemed, each share of the Series B Preferred Stock will automatically convert on the mandatory conversion date, which is expected to be September 1, 2021, into not less than 30.5820 and not more than 36.6980 shares of Common Stock, subject to certain anti-dilution adjustments. Correspondingly, the conversion rate per depositary share will be not less than 1.5291 and not more than 1.8349 shares of Common Stock, subject to certain anti-dilution adjustments. The conversion rate will be determined based on a preceding 20-day volume-weighted-average-price of Common Stock.

The following table illustrates the conversion rate per share of the Series B Preferred Stock, subject to certain anti-dilution adjustments:

Applicable Market Value of the Common Stock	Conversion Rate per Share of Series B Preferred Stock
Greater than $32.6990 (threshold appreciation price)	30.5820 shares of Common Stock
Equal to or less than $32.6990 but greater than or equal to $27.2494	Between 30.5820 and 36.6980 shares of Common Stock, determined by dividing $1,000 by the applicable market value
Less than $27.2494 (initial price)	36.6980 shares of Common Stock

The following table illustrates the conversion rate per depositary share, subject to certain anti-dilution adjustments:

Applicable Market Value of the Common Stock	Conversion Rate per Depository Share
Greater than $32.6990 (threshold appreciation price)	1.5291 shares of Common Stock
Equal to or less than $32.6990 but greater than or equal to $27.2494	Between 1.5291 and 1.8349 shares of Common Stock, determined by dividing $50 by the applicable market value
Less than $27.2494 (initial price)	1.8349 shares of Common Stock

Optional Conversion of the Holder. Other than during a fundamental change conversion period, and unless CenterPoint Energy has redeemed the Series B Preferred Stock, a holder of the Series B Preferred Stock may, at any time prior to September 1, 2021, elect to convert such holder's shares of the Series B Preferred Stock, in whole or in part, at the minimum conversion rate of 30.5820 shares of Common Stock per share of the Series B Preferred Stock (equivalent to 1.5291 shares of Common Stock per depositary share), subject to certain anti-dilution and other adjustments. Because each depositary share represents a 1/20th fractional interest in a share of the Series B Preferred Stock, a holder of depositary shares may convert its depositary shares only in lots of 20 depositary shares.

Fundamental Change Conversion. If a fundamental change occurs on or prior to September 1, 2021, holders of the Series B Preferred Stock will have the right to convert their shares of the Series B Preferred Stock, in whole or in part, into shares of Common Stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change, but in no event later than September 1, 2021). Holders who convert shares of the Series B Preferred Stock during that period will also receive a make-whole dividend amount comprised of a fundamental change dividend make-whole amount, and to the extent there is any, the accumulated dividend amount. Because each depositary share represents a 1/20th fractional interest in a share of the Series B Preferred Stock, a holder of depositary shares may convert its depositary shares upon a fundamental change only in lots of 20 depositary shares.

Ranking. The Series B Preferred Stock, with respect to anticipated dividends and distributions upon CenterPoint Energy's liquidation or dissolution, or winding-up of CenterPoint Energy's affairs, ranks or will rank:

- senior to Common Stock and to each other class or series of capital stock established after the initial issue date of the Series B Preferred Stock that is expressly made subordinated to the Series B Preferred Stock;
- on a parity with the Series A Preferred Stock and any class or series of capital stock established after the initial issue date that is not expressly made senior or subordinated to the Series B Preferred Stock;
- junior to any class or series of capital stock established after the initial issue date that is expressly made senior to the Series B Preferred Stock;

- junior to all existing and future indebtedness (including indebtedness outstanding under CenterPoint Energy's credit facilities, senior notes and commercial paper) and other liabilities with respect to assets available to satisfy claims against CenterPoint Energy; and

- structurally subordinated to any existing and future indebtedness and other liabilities of CenterPoint Energy's subsidiaries and capital stock of CenterPoint Energy's subsidiaries held by third parties.

Voting Rights. Holders of the Series B Preferred Stock generally will not have voting rights. Whenever dividends on shares of the Series B Preferred Stock have not been declared and paid for six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the initial issue date and ending on, but excluding, December 1, 2018), whether or not consecutive, the holders of such shares of Series B Preferred Stock, voting together as a single class with holders of any and all other series of voting preferred stock then outstanding (as defined in the Statement of Resolution for the Series B Preferred Stock), will be entitled at CenterPoint Energy's next annual or special meeting of shareholders to vote for the election of a total of two additional members of CenterPoint Energy's Board of Directors, subject to certain limitations. This right will terminate if and when all accumulated and unpaid dividends have been paid in full and, upon such termination, the term of office of each director so elected will terminate at such time and the number of directors on CenterPoint Energy's Board of Directors will automatically decrease by two, subject to the revesting of such rights in the event of each subsequent nonpayment.

Common Stock

On October 1, 2018, CenterPoint Energy completed the issuance of 69,633,027 shares of Common Stock at a price of $27.25 per share, for net proceeds of $1,844 million after issuance costs. The amount issued included 9,082,568 shares of Common Stock issued pursuant to the exercise in full of the option granted to the underwriters to purchase additional shares of Common Stock.

CenterPoint Energy used the net proceeds from the Common Stock offering to fund a portion of the Merger and to pay related fees and expenses.

Undistributed Retained Earnings

As of December 31, 2018 and 2017, CenterPoint Energy's consolidated retained earnings balance includes undistributed earnings from Enable of $31 million and $-0-, respectively.

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated comprehensive income (loss) are as follows:

	Year Ended December 31,					
	2018			2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Beginning Balance	$ (68)	$ —	$ 6	$ (71)	$ 1	$ 3
Other comprehensive income (loss) before reclassifications:						
Remeasurement of pension and other postretirement plans	(19)	—	1	4	—	7
Deferred loss from interest rate derivatives (1)	(19)	(18)	(1)	(5)	(1)	(2)
Amounts reclassified from accumulated other comprehensive loss:						
Prior service cost (2)	1	—	1	1	—	1
Actuarial losses (2)	6	—	—	7	—	—
Tax benefit (expense)	6	4	(1)	(4)	—	(3)
Net current period other comprehensive income (loss)	(25)	(14)	—	3	(1)	3
Adoption of ASU 2018-02	(15)	—	(1)	—	—	—
Ending Balance	$ (108)	$ (14)	$ 5	$ (68)	$ —	$ 6

(1) Gains and losses are reclassified from Accumulated other comprehensive income into income when the hedged transactions affect earnings. The reclassification amounts are included in Interest and other finance charges in each of the Registrant's respective Statements of Consolidated Income. Amounts are less than $1 million for each of the years ended December 31, 2018 and 2017, respectively.

(2) Amounts are included in the computation of net periodic cost and are reflected in Other, net in each of the Registrants' respective Statements of Consolidated Income.

(14) Short-term Borrowings and Long-term Debt

	December 31, 2018		December 31, 2017	
	Long-Term	Current (1)	Long-Term	Current (1)
	(in millions)			
CERC (2):				
Short-term borrowings:				
Inventory financing (3)	$ —	$ —	$ —	$ 39
Total short-term borrowings	—	—	—	39
Long-term debt:				
Senior notes 3.55% to 6.625% due 2021 to 2047	2,193	—	1,593	—
Commercial paper (4)	210	—	898	—
Unamortized debt issuance costs	(15)	—	(12)	—
Unamortized discount and premium, net	(17)	—	(22)	—
Total CERC long-term debt	2,371	—	2,457	—
Total CERC debt	2,371	—	2,457	39
Houston Electric:				
First mortgage bonds 9.15% due 2021	102	—	102	—
General mortgage bonds 1.85% to 6.95% due 2021 to 2048	3,212	—	2,812	—
Restoration Bond Company:				
System restoration bonds 4.243% due 2022	197	59	256	56
Bond Company II:				
Transition bonds 5.302% due 2019	—	208	208	194
Bond Company III:				
Transition bonds 5.234% due 2020	29	56	85	53
Bond Company IV:				
Transition bonds 2.161% to 3.028% due 2020 to 2024	753	135	888	131
Unamortized debt issuance costs	(24)	—	(22)	—
Unamortized discount and premium, net	(11)	—	(10)	—
Total Houston Electric debt	4,258	458	4,319	434
CenterPoint Energy:				
ZENS due 2029 (5)	—	24	—	122
Senior notes 2.50% to 4.25% due 2021 to 2028	2,000	—	500	—
Pollution control bonds 5.125% due 2028 (6)	68	—	68	50
Commercial paper (4)	—	—	855	—
Unamortized debt issuance costs	(13)	—	(4)	—
Unamortized discount and premium, net	(2)	—	—	—
Total CenterPoint Energy long-term debt	8,682	482	8,195	606
Total CenterPoint Energy debt	$ 8,682	$ 482	$ 8,195	$ 645

(1) Includes amounts due or exchangeable within one year of the date noted.

(2) Issued by CERC Corp.

(3) CenterPoint Energy's and CERC's NGD has AMAs associated with its utility distribution service in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. In March 2018, NGD's third-party AMAs in Arkansas, Louisiana and Oklahoma

expired, and NGD entered into new AMAs with CES effective April 1, 2018 in these states. The AMAs have varying terms, the longest of which expires in 2021. Pursuant to the provisions of the agreements, NGD sells natural gas and agrees to repurchase an equivalent amount of natural gas during the winter heating seasons at the same cost.

(4) Classified as long-term debt because the termination date of the facility that backstops the commercial paper is more than one year from the date noted.

(5) CenterPoint Energy's ZENS obligation is bifurcated into a debt component and an embedded derivative component. For additional information regarding ZENS, see Note 12(b). As ZENS are exchangeable for cash at any time at the option of the holders, these notes are classified as a current portion of long-term debt.

(6) $68 million and $118 million of these series of debt were secured by general mortgage bonds of Houston Electric as of December 31, 2018 and 2017, respectively.

Long-term Debt

Debt Retirements. During the year ended December 31, 2018, CenterPoint Energy retired the following debt instrument at maturity:

Registrant	Retirement Date	Debt Instrument	Aggregate Principal Amount (1)	Interest Rate	Maturity Date
			(in millions)		
CenterPoint Energy	November 2018	Pollution control bonds	$ 50	5.050%	2018

(1) Secured by general mortgage bonds of Houston Electric.

Debt Issuances. During the year ended December 31, 2018 and in January 2019, the Registrants issued the following debt instruments:

Registrant	Issuance Date	Debt Instrument	Aggregate Principal Amount	Interest Rate	Maturity Date
			(in millions)		
Houston Electric (1)	February 2018	General mortgage bonds	$ 400	3.95%	2048
CERC (1) (2)	March 2018	Unsecured senior notes	300	3.55%	2023
CERC (1) (2)	March 2018	Unsecured senior notes	300	4.00%	2028
CenterPoint Energy (3)	October 2018	Unsecured senior notes	500	3.60%	2021
CenterPoint Energy (3)	October 2018	Unsecured senior notes	500	3.85%	2024
CenterPoint Energy (3)	October 2018	Unsecured senior notes	500	4.25%	2028
Houston Electric (1)	January 2019	General mortgage bonds	700	4.25%	2049

(1) Proceeds from these debt issuances were used for general limited liability company and corporate purposes, as applicable, including capital expenditures, repayment of portions of outstanding commercial paper and borrowings under CenterPoint Energy's money pool.

(2) Issued by CERC Corp.

(3) Proceeds from these debt issuances were used to fund a portion of the Merger and to pay related fees and expenses.

Securitization Bonds. As of December 31, 2018, CenterPoint Energy and Houston Electric had special purpose subsidiaries consisting of the Bond Companies, which they consolidate. The consolidated special purpose subsidiaries are wholly-owned, bankruptcy remote entities that were formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of transition bonds or system restoration bonds and activities incidental thereto. These Securitization Bonds are payable only through the imposition and collection of "transition" or "system restoration" charges, as defined in the Texas Public Utility Regulatory Act, which are irrevocable, non-bypassable charges to provide recovery of authorized qualified costs. CenterPoint Energy and Houston Electric have no payment obligations in respect of the Securitization Bonds other than to remit the applicable transition or system restoration charges they collect as set forth in servicing agreements among Houston

Electric, the Bond Companies and other parties. Each special purpose entity is the sole owner of the right to impose, collect and receive the applicable transition or system restoration charges securing the bonds issued by that entity. Creditors of CenterPoint Energy or Houston Electric have no recourse to any assets or revenues of the Bond Companies (including the transition and system restoration charges), and the holders of Securitization Bonds have no recourse to the assets or revenues of CenterPoint Energy or Houston Electric.

Credit Facilities. In April 2018, CenterPoint Energy.obtained commitments by lenders to provide a $5 billion Bridge Facility to provide flexibility for the timing of the long-term acquisition financing and fund, in part, amounts payable by CenterPoint Energy in connection with the Merger. In May 2018, CenterPoint Energy entered into an amendment to its revolving credit facility to increase the aggregate commitments from $1.7 billion to $3.3 billion effective the earlier of (i) the termination of all commitments by certain lenders to provide the Bridge Facility and (ii) the payment in full of all obligations (other than contingent obligations) under the Bridge Facility and termination of all commitments to advance additional credit thereunder, and in each case, so long as the Merger Agreement has not been terminated pursuant to the terms thereof without consummation of the Merger. This increase to CenterPoint Energy's revolving credit facility will automatically expire on the termination date of the revolving credit facility. In addition, the amendment provided for a temporary increase on the maximum ratio of debt for borrowed money to capital from 65% to 75% until the earlier of (i) June 30, 2019 and (ii) the termination of all commitments in respect of the Bridge Facility without any borrowing thereunder. On October 5, 2018, CenterPoint Energy terminated all remaining commitments by lenders to provide the Bridge Facility. As a result, the aggregate commitments under the revolving credit facility automatically increased from $1.7 billion to $3.3 billion and the maximum ratio of debt for borrowed money to capital reverted to 65%.

As of December 31, 2018 and 2017, the Registrants had the following revolving credit facilities and utilization of such facilities:

	December 31, 2018					December 31, 2017				
	Size of Facility	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate	Size of Facility	Loans	Letters of Credit	Commercial Paper	Weighted Average Interest Rate
	(in millions, except weighted average interest rate)									
CenterPoint Energy	$ 3,300	$ —	$ 6	$ —	—	$ 1,700	$ —	$ 6	$ 855	1.88%
Houston Electric	300	—	4	—	—	300	—	4	—	—
CERC (1)	900	—	1	210	2.93%	900	—	1	898	1.72%
Total	$ 4,500	$ —	$ 11	$ 210		$ 2,900	$ —	$ 11	$ 1,753	

(1) Issued by CERC Corp.

In January 2019, CenterPoint Energy issued the following commercial paper in connection with the closing of the Merger:

Registrant	Issuance Date	Debt Instrument	Aggregate Principal Amount	Weighted Average Interest Rate
			(in millions)	
CenterPoint Energy (1) (2)	January 2019	Commercial paper	$ 1,660	2.88%

(1) Proceeds from these commercial paper issuances were used to fund a portion of the Merger and to pay related fees and expenses and were contributed to Vectren for its payment of its stub period cash dividend, long-term incentive payments and to fund the repayment of indebtedness of Vectren subsidiaries redeemed at the option of the holder as a result of the closing of the Merger.

(2) The commercial paper notes were issued at various times in January 2019 with maturities up to and including 90 days as of the time of issuance, and, prior to their use as described in connection with the closing of the Merger, the net proceeds of such issuances were invested in short-term investments.

Execution Date	Registrant	Size of Facility	Draw Rate of LIBOR plus (1)	Financial Covenant Limit on Debt for Borrowed Money to Capital Ratio (2)	Debt for Borrowed Money to Capital Ratio as of December 31, 2018 (3)	Termination Date (4)
		(in millions)				
March 3, 2016	CenterPoint Energy	$ 3,300 (5)	1.250%	65%	44.9%	March 3, 2022
March 3, 2016	Houston Electric	300	1.125%	65%	49.2%	March 3, 2022
March 3, 2016	CERC (6)	900	1.125%	65%	46.8%	March 3, 2022

(1) Based on credit ratings as of December 31, 2018.

(2) For CenterPoint Energy and Houston Electric, the financial covenant limit will temporarily increase from 65% to 70% if Houston Electric experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that Houston Electric has incurred system restoration costs reasonably likely to exceed $100 million in a consecutive 12-month period, all or part of which Houston Electric intends to seek to recover through securitization financing. Such temporary increase in the financial covenant would be in effect from the date CenterPoint Energy delivers its certification until the earliest to occur of (i) the completion of the securitization financing, (ii) the first anniversary of CenterPoint Energy's certification or (iii) the revocation of such certification.

(3) As defined in the revolving credit facility agreement, excluding Securitization Bonds.

(4) Amended on June 16, 2017 to extend the termination date.

(5) Pursuant to the amendment entered into in May 2018, the aggregate commitments under the CenterPoint Energy revolving credit facility increased to $3.3 billion on October 5, 2018 as a result of the satisfaction of certain conditions described above.

(6) Issued by CERC Corp.

The Registrants were in compliance with all financial debt covenants as of December 31, 2018.

Maturities. As of December 31, 2018, maturities of long-term debt, capital leases and sinking fund requirements, excluding the ZENS obligation, are as follows:

	CenterPoint Energy (1)	Houston Electric (1)	CERC	Securitization Bonds
		(in millions)		
2019	$ 458	$ 458	$ —	$ 458
2020	231	231	—	231
2021	1,706	613	593	211
2022	1,230	519	210	219
2023	656	356	300	156

(1) These maturities include Securitization Bonds principal repayments on scheduled payment dates.

Liens. As of December 31, 2018, Houston Electric's assets were subject to liens securing approximately $102 million of first mortgage bonds. Sinking or improvement fund and replacement fund requirements on the first mortgage bonds may be satisfied by certification of property additions. Sinking fund and replacement fund requirements for 2018, 2017 and 2016 have been satisfied by certification of property additions. The replacement fund requirement to be satisfied in 2019 is approximately $283 million, and the sinking fund requirement to be satisfied in 2019 is approximately $1.6 million. CenterPoint Energy expects Houston Electric to meet these 2019 obligations by certification of property additions.

As of December 31, 2018, Houston Electric's assets were also subject to liens securing approximately $3.3 billion of general mortgage bonds, including approximately $68 million held in trust to secure pollution control bonds for which CenterPoint Energy is obligated. The lien of the general mortgage indenture is junior to that of the mortgage pursuant to which the first mortgage

bonds are issued. Houston Electric may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. Approximately $4.3 billion of additional first mortgage bonds and general mortgage bonds could be issued on the basis of retired bonds and 70% of property additions as of December 31, 2018. Houston Electric has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions.

(15) Income Taxes

The components of the Registrant' income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
CenterPoint Energy			
Current income tax expense:			
Federal	$ 89	$ 32	$ 23

State	9	9	18
Total current expense	98	41	41
Deferred income tax expense (benefit):			
Federal	(25)	(806)	185
State	73	36	28
Total deferred expense (benefit)	48	(770)	213
Total income tax expense (benefit)	$ 146	$ (729)	$ 254
Houston Electric			
Current income tax expense:			
Federal	$ 109	$ 70	$ 165
State	18	19	18
Total current expense	127	89	183
Deferred income tax benefit:			
Federal	(38)	(98)	(34)
Total deferred benefit	(38)	(98)	(34)
Total income tax expense (benefit)	$ 89	$ (9)	$ 149
CERC - Continuing Operations			
Current income tax expense (benefit):			
Federal	$ (9)	$ (31)	$ 21
State	—	(10)	4
Total current expense (benefit)	(9)	(41)	25
Deferred income tax expense (benefit):			
Federal	10	(249)	41
State	21	25	15
Total deferred expense (benefit)	31	(224)	56
Total income tax expense (benefit)	$ 22	$ (265)	$ 81

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
CERC - Discontinued Operations			
Current income tax expense (benefit):			
Federal	$ 9	$ 31	$ (21)
State	4	11	2
Total current expense (benefit)	13	42	(19)
Deferred income tax expense:			
Federal	29	56	90
State	4	6	10
Total deferred expense	33	62	100
Total income tax expense	$ 46	$ 104	$ 81

A reconciliation of income tax expense (benefit) using the federal statutory income tax rate to the actual income tax expense and resulting effective income tax rate is as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
CenterPoint Energy (1) (2) (3)			
Income before income taxes	$ 514	$ 1,063	$ 686
Federal statutory income tax rate	21%	35 %	35%
Expected federal income tax expense	108	372	240

Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	22	26	27
State valuation allowance, net of federal income tax	11	3	3
State law change, net of federal income tax	32	—	—
Federal income tax rate reduction	—	(1,113)	—
Excess deferred income tax amortization	(24)	—	—
Other, net	(3)	(17)	(16)
Total	38	(1,101)	14
Total income tax expense (benefit)	$ 146	$ (729)	$ 254
Effective tax rate	28%	(69)%	37%
Houston Electric (4) (5)			
Income before income taxes	$ 425	$ 424	$ 425
Federal statutory income tax rate	21%	35 %	35%
Expected federal income tax expense	89	148	149
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	14	12	12
Federal income tax rate reduction	—	(158)	—
Excess deferred income tax amortization	(9)	—	—
Other, net	(5)	(11)	(12)
Total	—	(157)	—
Total income tax expense (benefit)	$ 89	$ (9)	$ 149
Effective tax rate	21%	(2)%	35%

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
CERC - Continuing Operations (6) (7)			
Income before income taxes	$ 92	$ 319	$ 199
Federal statutory income tax rate	21%	35 %	35%
Expected federal income tax expense	19	112	70
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	5	6	4
State law change, net of federal income tax	—	—	6
State valuation allowance, net of federal income tax	11	3	2
Federal income tax rate reduction	—	(396)	—
Excess deferred income tax amortization	(15)	—	—
Tax basis balance sheet adjustment	—	11	—
Other, net	2	(1)	(1)
Total	3	(377)	11
Total income tax expense (benefit)	$ 22	$ (265)	$ 81
Effective tax rate	24%	(83)%	41%
CERC - Discontinued Operations (7)			
Income before income taxes	$ 184	$ 265	$ 208
Federal statutory income tax rate	21%	35 %	35%
Expected federal income tax expense	39	93	73
Increase in tax expense resulting from:			
State income tax expense, net of federal income tax	7	11	8
Total	7	11	8
Total income tax expense	$ 46	$ 104	$ 81
Effective tax rate	25%	39 %	39%

(1) Recognized a $32 million deferred tax expense due to state law changes that resulted in remeasurement of state deferred taxes in those jurisdictions. Also recorded an additional $11 million valuation allowance on certain state net operating loss deferred tax assets that are no longer expected to be utilized prior to expiration after the Internal Spin. These items are partially offset by $24 million of amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions beginning in 2018.

(2) Recognized a $1.1 billion deferred tax benefit from the remeasurement of CenterPoint Energy's ADFIT liability as a result of the enactment of the TCJA on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% to 21%. For additional information on the 2017 impacts of the TCJA, please see the discussion following the deferred tax assets and liabilities table below.

(3) Recognized a $6 million deferred tax expense in 2016 due to Louisiana state law change and recorded an additional $3 million valuation allowance on certain state carryforwards.

(4) Recognized $9 million of amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions beginning in 2018.

(5) Recognized a $158 million deferred tax benefit from the remeasurement of Houston Electric's ADFIT liability as a result of the enactment of the TCJA on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% to 21%. For additional information on the 2017 impacts of the TCJA, please see the discussion following the deferred tax assets and liabilities table below.

(6) Recorded an additional $11 million valuation allowance on certain state net operating loss deferred tax assets that are no longer expected to be utilized prior to expiration after the Internal Spin. This item is partially offset by $15 million of amortization of the net regulatory EDIT liability in certain jurisdictions as decreed by regulators beginning in 2018.

(7) Recognized a $396 million deferred tax benefit from the remeasurement of CERC's ADFIT liability as a result of the enactment of the TCJA on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% to 21%. ASC 740 requires tax impacts of changes in tax laws or rates be reported in continuing operations. Therefore, CERC's federal income tax benefit generated by the remeasurement of the ADFIT liability for Enable during 2017 and state law changes during 2016 associated with its investment in Enable are reported in continuing operations on CERC's Statements of Consolidated Income. The ADFIT liability associated with CERC's investment in Enable is reported as discontinued operations on CERC's Consolidated Balance Sheets.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities were as follows:

	December 31, 2018	December 31, 2017
	(in millions)	
CenterPoint Energy		
Deferred tax assets.		
Benefits and compensation	$ 160	$ 162
Regulatory liabilities	356	347
Loss and credit carryforwards	84	90
Asset retirement obligations	62	68
Other	29	16
Valuation allowance	(18)	(7)
Total deferred tax assets	673	676
Deferred tax liabilities:		
Property, plant and equipment	1,894	1,808
Investment in unconsolidated affiliates	987	927
Regulatory assets	395	473
Investment in marketable securities and indexed debt	478	502
Indexed debt securities derivative	27	13
Other	131	127
Total deferred tax liabilities	3,912	3,850
Net deferred tax liabilities	$ 3,239	$ 3,174

Houston Electric

Deferred tax assets:				
Regulatory liabilities	$	205	$	198
Benefits and compensation		17		28
Asset retirement obligations		7		7
Other		12		3
Total deferred tax assets		241		236
Deferred tax liabilities:				
Property, plant and equipment		1,087		1,030
Regulatory assets		177		265
Total deferred tax liabilities		1,264		1,295
Net deferred tax liabilities	$	1,023	$	1,059

	December 31,			
	2018		2017	
	(in millions)			
CERC - Continuing Operations				
Deferred tax assets:				
Benefits and compensation	$	27	$	27
Regulatory liabilities		150		150
Loss and credit carryforwards		259		288
Asset retirement obligations		54		60
Other		20		18
Valuation allowance		(18)		(7)
Total deferred tax assets		492		536
Deferred tax liabilities:				
Property, plant and equipment		773		745
Regulatory assets		41		38
Other		84		115
Total deferred tax liabilities		898		898
Net deferred tax liabilities	$	406	$	362
CERC - Discontinued Operations				
Deferred tax liabilities:				
Investment in unconsolidated affiliates		—		927
Net deferred tax liabilities	$	—	$	927

Federal Tax Reform

On December 22, 2017, President Trump signed into law comprehensive tax reform legislation informally called the Tax Cuts and Jobs Acts, or TCJA, which resulted in significant changes to federal tax laws effective January 1, 2018. The new legislation contained several key tax provisions that impacted the Registrants, including the reduction of the corporate income tax rate from 35% to 21% effective January 1, 2018. The legislation also includes a variety of other changes, such as, a limitation on the tax deductibility of interest expense, acceleration of business asset expensing and reduction in the amount of executive pay that may qualify for a tax deduction, among others. Several other provisions of the TCJA were not generally applicable to the public utility industry, including the limitation on the tax deductibility of interest expense and the acceleration of business asset expensing.

While the effective date of the rate change in the legislation was January 1, 2018, ASC 740 requires that deferred tax balances be adjusted in the period of enactment to the rate in which those deferred taxes will reverse.

During 2017, CenterPoint Energy's EDIT from the rate change resulted in an adjustment to income tax expense of approximately $1.1 billion and creation of a net regulatory liability of $1.3 billion (includes $0.3 billion gross-up) for the amount that is likely to be returned to ratepayers. The major components of the $1.1 billion benefit to income tax expense are for the remeasurement of CenterPoint Energy's deferred taxes associated with its investment in Enable, investment in marketable securities (ZENS) and stranded costs related to the Securitization Bonds.

During 2017, Houston Electric's EDIT from the rate change resulted in an adjustment to income tax expense of $158 million and creation of a net regulatory liability of $829 million (includes $180 million gross-up) for the amount that is likely to be returned to ratepayers. The $158 million benefit to income tax expense is for the remeasurement of Houston Electric's stranded costs related to the Securitization Bonds.

During 2017, CERC's EDIT from the rate change resulted in an adjustment to income tax expense of $396 million and creation of a net regulatory liability of $478 million (includes $121 million gross-up) for the amount that is likely to be returned to ratepayers. The major components of the $396 million benefit to income tax expense were for the remeasurement of CERC's deferred taxes associated with its investment in Enable and federal net operating loss carryforwards.

The amount and expected amortization of the net regulatory tax liability may differ from the Registrants' estimates, possibly materially, due to, among other things, regulatory actions, interpretations and assumptions the Registrants have made, and any guidance that may be issued in the future. The Registrants will continue to assess the amount and expected amortization of the net regulatory tax liability as they have proceedings with regulators in future periods.

Houston Electric and CERC are included in CenterPoint Energy's U.S. federal consolidated income tax return. Houston Electric and CERC report their income tax provision on a separate entity basis pursuant to a tax sharing agreement with CenterPoint Energy.

Tax Attribute Carryforwards and Valuation Allowance. CenterPoint Energy has no remaining federal net operating loss carryforward or federal tax credits as of December 31, 2018. As of December 31, 2018, CenterPoint Energy had $802 million of state net operating loss carryforwards that expire between 2019 and 2038 and $18 million of state tax credits that do not expire. CenterPoint Energy reported a valuation allowance of $18 million because it is more likely than not that the benefit from certain state net operating loss carryforwards will not be realized.

CERC has $951 million of federal net operating loss carryforwards which have an indefinite carryforward period, however, utilization is limited to 80 percent of taxable income in any given taxable year. CERC has $797 million of state net operating loss carryforwards which expire between 2019 and 2038 and $17 million of state tax credits which do not expire. CERC reported a valuation allowance of $18 million since it is more likely than not that the benefit from certain state net operating loss carryforwards will not be realized.

Uncertain Income Tax Positions. The Registrants reported no uncertain tax liabilities as of December 31, 2018, 2017 and 2016. The Registrants expect no significant change to the uncertain tax liabilities over the next 12 months ending December 31, 2019.

Tax Audits and Settlements. Tax years through 2016 have been audited and settled with the IRS, however, during 2018 CenterPoint Energy filed an amended 2014 tax return to claim additional tax credits that is currently under review by the IRS. For the 2017 and 2018 tax years, the Registrants are participants in the IRS's Compliance Assurance Process.

(16) Commitments and Contingencies

(a) Natural Gas Supply Commitments (CenterPoint Energy and CERC)

Natural gas supply commitments include natural gas contracts related to CenterPoint Energy's and CERC's Natural Gas Distribution and Energy Services reportable segments, which have various quantity requirements and durations, that are not classified as non-trading derivative assets and liabilities in CenterPoint Energy's and CERC's Consolidated Balance Sheets as of December 31, 2018 and 2017 as these contracts meet an exception as "normal purchases contracts" or do not meet the definition of a derivative. Natural gas supply commitments also include natural gas transportation contracts that do not meet the definition of a derivative.

As of December 31, 2018, minimum payment obligations for natural gas supply commitments are approximately:

	(in millions)
2019	$ 454
2020	430
2021	343
2022	231
2023	154
2024 and beyond	1,446

(b) AMAs (CenterPoint Energy and CERC)

NGD has AMAs associated with its utility distribution service in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. In March 2018, NGD's third party AMAs in Arkansas, Louisiana and Oklahoma expired, and NGD entered into new AMAs with CES effective April 1, 2018 in these states. The AMAs have varying terms, the longest of which expires in 2021. Pursuant to the provisions of the agreements, NGD sells natural gas and agrees to repurchase an equivalent amount of natural gas during the winter heating seasons at the same cost. Generally, AMAs are contracts between NGD and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these AMAs, NGD agrees to release transportation and storage capacity to other parties to manage natural gas storage, supply and delivery arrangements for NGD and to use the released capacity for other purposes when it is not needed for NGD. NGD is compensated by the asset manager through payments

made over the life of the AMAs. NGD has an obligation to purchase its winter storage requirements that have been released to the asset manager under these AMAs.

(c) Lease Commitments

The following table sets forth information concerning the Registrants' obligations under non-cancelable long-term operating leases as of December 31, 2018, which primarily consist of rental agreements for real property:

	CenterPoint Energy	Houston Electric	CERC
		(in millions)	
2019	$ 6	$ 1	$ 5
2020	6	—	5
2021	5	—	4
2022	4	—	4
2023	3	—	3
2024 and beyond	12	—	11
Total	$ 36	$ 1	$ 32

	Year Ended December 31,								
	2018			2017			2016		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
					(in millions)				
Lease expense	$ 9	$ 1	$ 8	$ 10	$ 1	$ 9	$ 10	$ 1	$ 9

(d) Legal, Environmental and Other Matters

Legal Matters (CenterPoint Energy and CERC)

Gas Market Manipulation Cases. CenterPoint Energy, its predecessor, Reliant Energy, and certain of their former subsidiaries were named as defendants in a large number of lawsuits filed against numerous gas market participants in a number of federal and western state courts in connection with the operation of the natural gas markets in 2000-2002. CenterPoint Energy and its affiliates were released or dismissed from all such cases, except for one case pending in federal court in Nevada in which CES, a subsidiary of CERC Corp., is a defendant. Plaintiffs in that case allege a conspiracy to inflate Wisconsin natural gas prices in 2000-2002. In May 2016, the district court granted CES's motion for summary judgment, dismissing CES from the case. In August 2018, the Ninth Circuit Court of Appeals reversed that ruling, and CES requested further appellate review of that decision (which review has been stayed pending approval of the settlement agreement described below).

Under a master separation agreement between CenterPoint Energy and a former subsidiary, RRI, CenterPoint Energy and its subsidiaries are entitled to be indemnified by RRI and its successors for any losses, including certain attorneys' fees and other costs, arising out of these lawsuits. Through a series of transactions, RRI became known as GenOn and a wholly-owned subsidiary of NRG. None of those transactions alters GenOn's contractual obligations to indemnify CenterPoint Energy and its subsidiaries for certain liabilities, including their indemnification obligations regarding the gas market manipulation litigation. In June 2017, however, GenOn and various affiliates filed for protection under Chapter 11 of the U.S. Bankruptcy Code. In December 2018, GenOn completed its reorganization and emerged from Chapter 11. CenterPoint Energy, CERC, and CES submitted proofs of claim in the bankruptcy proceedings to protect their indemnity rights. In October 2018, CES, GenOn, and the plaintiffs reached an agreement to settle all claims against CES and CES's indemnity claims against GenOn, subject to approvals by the bankruptcy court and the federal district court. In January 2019, the bankruptcy court approved the settlement between CES and GenOn. If the settlement agreement between CES, GenOn and the plaintiffs is not approved by the federal district court, CES could incur liability and be responsible for satisfying it. CenterPoint Energy does not expect the ultimate outcome of this matter to have a material adverse effect on its financial condition, results of operations or cash flows.

Minnehaha Academy. On August 2, 2017, a natural gas explosion occurred at the Minnehaha Academy in Minneapolis, Minnesota, resulting in the deaths of two school employees, serious injuries to others and significant property damage to the school. CenterPoint Energy, certain of its subsidiaries, including CERC, and the contractor company working in the school have been named in litigation arising out of this incident. CenterPoint Energy and CERC have reached confidential settlement agreements with some claimants. Additionally, CenterPoint Energy and CERC are cooperating with the ongoing investigation conducted by

the National Transportation Safety Board. Further, CenterPoint Energy and CERC are contesting approximately $200,000 in fines imposed by the Minnesota Office of Pipeline Safety. In early 2018, the Minnesota Occupational Safety and Health Administration concluded its investigation without any adverse findings against CenterPoint Energy or CERC. CenterPoint Energy's and CERC's general and excess liability insurance policies provide coverage for third party bodily injury and property damage claims.

Environmental Matters

MGP Sites (CenterPoint Energy and CERC). CenterPoint Energy, CERC and its predecessors operated MGPs in the past. With respect to certain Minnesota MGP sites, CenterPoint Energy and CERC have completed state-ordered remediation and continue state-ordered monitoring and water treatment. As of December 31, 2018, CenterPoint Energy and CERC had a recorded liability of $7 million for continued monitoring and any future remediation required by regulators in Minnesota. The estimated range of possible remediation costs for the sites for which CenterPoint Energy and CERC believe they may have responsibility was $5 million to $32 million based on remediation continuing for 30 to 50 years. The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will depend on the number of sites to be remediated, the participation of other PRPs, if any, and the remediation methods used.

In addition to the Minnesota sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CenterPoint Energy or CERC or may have been owned by one of their former affiliates. CenterPoint Energy and CERC do not expect the ultimate outcome of these matters to have a material adverse effect on the financial condition, results of operations or cash flows of either CenterPoint Energy or CERC.

Asbestos. Some facilities owned by the Registrants or their predecessors in interest contain or have contained asbestos insulation and other asbestos-containing materials. The Registrants are from time to time named, along with numerous others, as defendants in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos, and the Registrants anticipate that additional claims may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

Other Environmental. From time to time, the Registrants identify the presence of environmental contaminants during operations or on property where predecessor companies have conducted operations. Other such sites involving contaminants may be identified in the future. The Registrants have and expect to continue to remediate any identified sites consistent with state and federal legal obligations. From time to time, the Registrants have received notices, and may receive notices in the future, from regulatory authorities or others regarding status as a PRP in connection with sites found to require remediation due to the presence of environmental contaminants. In addition, the Registrants have been, or may be, named from time to time as defendants in litigation related to such sites. Although the ultimate outcome of such matters cannot be predicted at this time, the Registrants do not expect these matters, either individually or in the aggregate, to have a material adverse effect on their financial condition, results of operations or cash flows.

Other Proceedings

The Registrants are involved in other legal, environmental, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business. From time to time, the Registrants are also defendants in legal proceedings with respect to claims brought by various plaintiffs against broad groups of participants in the energy industry. Some of these proceedings involve substantial amounts. The Registrants regularly analyze current information and, as necessary, provide accruals for probable and reasonably estimable liabilities on the eventual disposition of these matters. The Registrants do not expect the disposition of these matters to have a material adverse effect on the Registrants' financial condition, results of operations or cash flows.

(17) Earnings Per Share (CenterPoint Energy)

The following table reconciles numerators and denominators of CenterPoint Energy's basic and diluted earnings per common share. Basic earnings per common share is determined by dividing Income available to common shareholders - basic by the Weighted average common shares outstanding - basic for the applicable period. Diluted earnings per common share is determined by the inclusion of potentially dilutive common stock equivalent shares that may occur if securities to issue Common Stock were exercised or converted into Common Stock.

	For the Year Ended December 31,		
	2018	2017	2016
	(in millions, except per share and share amounts)		
Numerator:			
Income available to common shareholders - basic (1)	$ 333	$ 1,792	$ 432
Add back: Series B Preferred Stock dividend	—	—	—
Income available to common shareholders - diluted (1)	$ 333	$ 1,792	$ 432
Denominator:			
Weighted average common shares outstanding - basic	448,829,000	430,964,000	430,606,000
Plus: Incremental shares from assumed conversions:			
Restricted stock (2)	3,636,000	3,344,000	2,997,000
Series B Preferred Stock (3)	—	—	—
Weighted average common shares outstanding - diluted	452,465,000	434,308,000	433,603,000
Earnings per common share:			
Basic earnings per common share	$ 0.74	$ 4.16	$ 1.00
Diluted earnings per common share	$ 0.74	$ 4.13	$ 1.00

(1) Income available to common shareholders for the year ended December 31, 2017 includes a reduction in income tax expense of $1,113 million due to tax reform. See Note 15 for further discussion of the impacts of the TCJA.

(2) The potentially dilutive impact from restricted stock awards applies the treasury stock method. Under this method, an increase in the average fair market value of Common Stock can result in a greater dilutive impact from these securities.

(3) The potentially dilutive impact from Series B Preferred Stock applies the if-converted method in calculating diluted earnings per common share. Under this method, diluted earnings per common share is adjusted for the more dilutive effect of the Series B Preferred Stock as a result of either its accumulated dividend for the period in the numerator or the assumed-converted common share equivalent in the denominator. The computation of diluted earnings per common share outstanding for the year ended December 31, 2018 excludes 8,885,000 potentially dilutive shares because to include them would be anti-dilutive. However, these shares could be potentially dilutive in the future.

(18) Unaudited Quarterly Information

Summarized quarterly financial data is as follows:

	Year Ended December 31, 2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in millions, except per share amounts)			
CenterPoint Energy				
Revenues	$ 3,155	$ 2,186	$ 2,212	$ 3,036
Operating income	251	187	226	167
Income (loss) available to common shareholders	165	(75)	153	90
Basic earnings (loss) per common share (1)	0.38	(0.17)	0.35	0.18
Diluted earnings (loss) per common share (1)	0.38	(0.17)	0.35	0.18

	Year Ended December 31, 2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in millions, except per share amounts)			
Houston Electric				
Revenues	755	854	897	728

Operating income	119	181	227	98
Net income	52	101	143	40
CERC (4)				
Revenues	2,400	1,328	1,312	2,303
Operating income (loss)	131	22	(7)	76
Income (loss) from continuing operations	78	(8)	(35)	35
Income (loss) from discontinued operations	52	44	44	(2)
Net income	130	36	9	33

	Year Ended December 31, 2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in millions, except per share amounts)			
CenterPoint Energy				
Revenues	$ 2,735	$ 2,143	$ 2,098	$ 2,638
Operating income (2)	291	240	297	308
Income available to common shareholders (3)	192	135	169	1,296
Basic earnings per common share (1)	0.45	0.31	0.39	3.01
Diluted earnings per common share (1)	0.44	0.31	0.39	2.99
Houston Electric				
Revenues	638	752	843	765
Operating income (2)	85	171	254	127
Net income (3)	18	75	130	210
CERC (4)				
Revenues	2,093	1,387	1,251	1,872
Operating income (2)	199	59	31	178
Income (loss) from continuing operations	102	17	(4)	469
Income from discontinued operations	45	37	42	37
Net income (3)	147	54	38	506

(1) Quarterly earnings (loss) per common share are based on the weighted average number of shares outstanding during the quarter, and the sum of the quarters may not equal annual earnings (loss) per common share.

(2) Recast to reflect the adoption of ASU 2017-07. See Note 2(r) for further information.

(3) Income available to common shareholders and Net income for the fourth quarter 2017 include a reduction in income tax expense of $1,113 million, $158 million and $396 million for CenterPoint Energy, Houston Electric and CERC, respectively, due to the TCJA. See Note 15 for further discussion of the impacts of tax reform implementation.

(4) Amounts have been recast to reflect discontinued operations in all periods presented.

(19) Reportable Segments

The Registrants' determination of reportable segments considers the strategic operating units under which the Registrants manage sales, allocate resources and assess performance of various products and services to wholesale or retail customers in differing regulatory environments. The Registrants use operating income as the measure of profit or loss for the reportable segments other than Midstream Investments, where equity in earnings is used.

As of December 31, 2018, reportable segments by Registrant are as follows:

	Electric Transmission & Distribution	Natural Gas Distribution	Energy Services	Midstream Investments	Other Operations
CenterPoint Energy	X	X	X	X	X
Houston Electric	X				

CERC	X	X	(1)	X

(1) On September 4, 2018, CERC completed the Internal Spin. Previously, CERC's equity method investment in Enable was included in CERC's Midstream Investments reportable segment. CERC's equity in earnings in Enable, net of basis difference amortization and income tax, have been classified as discontinued operations for all periods presented. See Note 11 for further discussion on the Internal Spin and the associated discontinued operations presentation.

Electric Transmission & Distribution consists of the electric transmission and distribution function. Natural Gas Distribution consists of intrastate natural gas sales to, and natural gas transportation and distribution for, residential, commercial, industrial and institutional customers. Energy Services consists of non-rate regulated natural gas sales and services operations. Midstream Investments consists of the equity investment in Enable (excluding the Enable Series A Preferred Units). Other Operations consists primarily of other corporate operations which support all of the business operations.

Houston Electric consists of a single reportable segment, Electric Transmission & Distribution, and therefore is not included in the tabular reportable segment presentation below.

Operating income (loss) amounts for 2017 and 2016 have been recast to reflect the adoption of ASU 2017-07 (see Note 2(r) for further information).

Long-lived assets include net property, plant and equipment, goodwill and other intangibles and equity investments in unconsolidated subsidiaries. Intersegment sales are eliminated in consolidation.

Financial data for reportable segments and products and services are as follows:

CenterPoint Energy

	Revenues from External Customers	Intersegment Revenues	Depreciation and Amortization	Operating Income	Total Assets	Expenditures for Long-Lived Assets
			(in millions)			
As of and for the year ended December 31, 2018:						
Electric Transmission & Distribution	$ 3,232 (1)	$ —	$ 917	$ 623	$ 10,509	$ 952
Natural Gas Distribution	2,931	36	277	266	6,956	638
Energy Services	4,411	110	16	(47)	1,558	20
Midstream Investments (2)	—	—	—	—	2,482	—
Other Operations	15	—	33	(11)	6,156 (3)	110
Eliminations	—	(146)	—	—	(652)	—
Consolidated	$ 10,589	$ —	$ 1,243	$ 831	$ 27,009	1,720
Reconciling items						(69)
Capital expenditures per Statements of Consolidated Cash Flows						$ 1,651

	Revenues from External Customers	Intersegment Revenues	Depreciation and Amortization	Operating Income	Total Assets	Expenditures for Long-Lived Assets
			(in millions)			
As of and for the year ended December 31, 2017:						
Electric Transmission & Distribution	$ 2,997 (1)	$ —	$ 724	$ 636	$ 10,292	$ 924
Natural Gas Distribution	2,606	33	260	348	6,608	523
Energy Services	3,997	52	19	126	1,521	11
Midstream Investments (2)	—	—	—	—	2,472	—
Other Operations	14	—	33	26	2,497 (3)	36

Eliminations	—	(85)	—	—	(654)	—
Consolidated	$ 9,614	$ —	$ 1,036	$ 1,136	$ 22,736	1,494
Reconciling items						(68)
Capital expenditures per Statements of Consolidated Cash Flows						$ 1,426
As of and for the year ended December 31, 2016:						
Electric Transmission & Distribution	$ 3,060 (1)	$ —	$ 838	$ 653	$ 10,211	$ 858
Natural Gas Distribution	2,380	29	242	321	6,099	510
Energy Services	2,073	26	7	21	1,102	5
Midstream Investments (2)	—	—	—	—	2,505	—
Other Operations	15	—	39	28	2,681 (3)	33
Eliminations	—	(55)	—	—	(769)	—
Consolidated	$ 7,528	$ —	$ 1,126	$ 1,023	$ 21,829	1,406
Reconciling items						8
Capital expenditures per Statements of Consolidated Cash Flows						$ 1,414

(1) CenterPoint Energy's and Houston Electric's Electric Transmission & Distribution revenues from major customers are as follows:

	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Affiliates of NRG	$ 705	$ 713	$ 698
Affiliates of Vistra Energy Corp.	251	229	220

(2) CenterPoint Energy's Midstream Investments' equity earnings, net are as follows:

	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Enable	$ 307	$ 265	$ 208

(3) Total assets included pension and other postemployment-related regulatory assets of $665 million, $600 million and $759 million as of December 31, 2018, 2017 and 2016, respectively. Additionally, total assets as of December 31, 2018 included $3.9 billion of temporary investments included in Cash and cash equivalents on CenterPoint Energy's Consolidated Balance Sheets.

CERC

	Revenues from External Customers	Intersegment Revenues	Depreciation and Amortization	Operating Income	Total Assets (1)	Expenditures for Long-Lived Assets
	(in millions)					
As of and for the year ended December 31, 2018:						
Natural Gas Distribution	$ 2,931	$ 36	$ 277	$ 266	$ 6,956	$ 638
Energy Services	4,411	110	16	(47)	1,558	20
Other Operations	1	—	—	3	66	—
Eliminations	—	(146)	—	—	(366)	—
Consolidated	$ 7,343	$ —	$ 293	$ 222	$ 8,214	658
Reconciling items						(25)
Capital expenditures per Statements of Consolidated Cash Flows						$ 633
As of and for the year ended						

December 31, 2017:						
Natural Gas Distribution	$ 2,606	$ 33	$ 260	$ 348	$ 6,608	$ 523
Energy Services	3,997	52	19	126	1,521	11
Discontinued operations	—	—	—	—	2,472 (1)	—
Other Operations	—	—	—	(7)	70	—
Eliminations	—	(85)	—	—	(559)	—
Consolidated	$ 6,603	$ —	$ 279	$ 467	$ 10,112	534
Reconciling items						(21)
Capital expenditures per Statements of Consolidated Cash Flows						$ 513
As of and for the year ended December 31, 2016:						
Natural Gas Distribution	$ 2,380	$ 29	$ 242	$ 321	$ 6,099	$ 510
Energy Services	2,073	26	7	21	1,102	5
Discontinued operations	—	—	—	—	2,505 (1)	—
Other Operations	1	—	—	(1)	75	—
Eliminations	—	(55)	—	—	(563)	—
Consolidated	$ 4,454	$ —	$ 249	$ 341	$ 9,218	515
Reconciling items						2
Capital expenditures per Statements of Consolidated Cash Flows						$ 517

(1) On September 4, 2018, CERC completed the Internal Spin. For further information regarding the Internal Spin, see Note 11.

	Year Ended December 31,								
	2018			2017			2016		
Revenues by Products and Services:	**CenterPoint Energy**	**Houston Electric**	**CERC**	**CenterPoint Energy**	**Houston Electric**	**CERC**	**CenterPoint Energy**	**Houston Electric**	**CERC**
	(in millions)								
Electric delivery	$ 3,232	$ 3,234	$ —	$ 2,997	$ 2,998	$ —	$ 3,060	$ 3,059	$ —
Retail gas sales	4,161	—	4,161	3,634	—	3,634	3,329	—	3,329
Wholesale gas sales	3,008	—	3,008	2,811	—	2,811	977	—	977
Gas transportation and processing	32	—	32	29	—	29	23	—	23
Energy products and services	156	—	142	143	—	129	139	—	125
Total	$ 10,589	$ 3,234	$ 7,343	$ 9,614	$ 2,998	$ 6,603	$ 7,528	$ 3,059	$ 4,454

(20) Supplemental Disclosure of Cash Flow Information

The tables below provide supplemental disclosure of cash flow information.

	2018			2017			2016		
	CenterPoint Energy	**Houston Electric**	**CERC**	**CenterPoint Energy**	**Houston Electric**	**CERC**	**CenterPoint Energy**	**Houston Electric**	**CERC**
	(in millions)								
Cash Payments/Receipts:									
Interest, net of capitalized interest	$ 363	$ 200	$ 105	$ 378	$ 205	$ 116	$ 406	$ 209	$ 116
Income taxes (refunds), net	89	154	3	15	76	4	(104)	128	3
Non-cash transactions:									
Accounts payable related to capital expenditures	201	124	80	144	104	56	87	65	35
Capital distribution associated with the									

Internal Spin	—	—	1,473	—	—	—	—	—	—

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported in the Consolidated Balance Sheets to the amount reported in the Statements of Consolidated Cash Flows:

	December 31, 2018			December 31, 2017		
	CenterPoint Energy	Houston Electric	CERC	CenterPoint Energy	Houston Electric	CERC
	(in millions)					
Cash and cash equivalents (1) (2)	$ 4,231	$ 335	$ 14	$ 260	$ 238	$ 12
Restricted cash included in Prepaid expenses and other current assets	46	34	11	35	35	—
Restricted cash included in Other	1	1	—	1	1	—
Total cash, cash equivalents and restricted cash shown in Statements of Consolidated Cash Flows	$ 4,278	$ 370	$ 25	$ 296	$ 274	$ 12

(1) CenterPoint Energy's Cash and cash equivalents as of December 31, 2018 included $3.9 billion of temporary investments resulting from the Merger financings. CenterPoint Energy recorded interest income of $28 million, $2 million and $1 million for the years ended December 31, 2018, 2017 and 2016, respectively, in Other, net on CenterPoint Energy's Statements of Consolidated Income. See Notes 13 and 14 for further details related to the Merger financings.

(2) Houston Electric's Cash and cash equivalents as of December 31, 2018 and 2017 included $335 million and $230 million, respectively, of cash related to the Bond Companies. Houston Electric recorded interest income of $4 million, $2 million and $1 million for the years ended December 31, 2018, 2017 and 2016, respectively, in Other, net on Houston Electric's Statement of Consolidated Income.

(21) Related Party Transactions (Houston Electric and CERC)

Houston Electric and CERC participate in a money pool through which they can borrow or invest on a short-term basis. Funding needs are aggregated and external borrowing or investing is based on the net cash position. The net funding requirements of the money pool are expected to be met with borrowings under CenterPoint Energy's revolving credit facility or the sale of CenterPoint Energy's commercial paper. The table below summarizes money pool activity:

	December 31, 2018		December 31, 2017	
	Houston Electric	CERC	Houston Electric	CERC
	(in millions)			
Money pool investments (borrowings) (1)	$ (1)	$ 114	$ (60)	$ (570)
Weighted average interest rate	2 42%	2.42%	1.90%	1.90%

(1) Included in Accounts and notes receivable (payable)–affiliated companies in Houston Electric's and CERC's Consolidated Balance Sheets.

Houston Electric and CERC affiliate-related net interest income (expense) were as follows:

	Year Ended December 31,					
	2018		2017		2016	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)					
Interest income (expense), net (1)	$ 1	$ —	$ 2	$ —	$ (4)	$ —

(1) Interest income is included in Other, net and interest expense is included in Interest and other finance charges on Houston Electric's and CERC's respective Statements of Consolidated Income.

CenterPoint Energy provides some corporate services to Houston Electric and CERC. The costs of services have been charged directly to Houston Electric and CERC using methods that management believes are reasonable. These methods include negotiated usage rates, dedicated asset assignment and proportionate corporate formulas based on operating expenses, assets, gross margin, employees and a composite of assets, gross margin and employees. Houston Electric provides certain services to CERC. These services are billed at actual cost, either directly or as an allocation and include fleet services, shop services, geographic services, surveying and right-of-way services, radio communications, data circuit management and field operations. Additionally, CERC provides certain services to Houston Electric. These services are billed at actual cost, either directly or as an allocation and include line locating and other miscellaneous services. These charges are not necessarily indicative of what would have been incurred had Houston Electric and CERC not been affiliates.

Amounts charged for these services were as follows and are included primarily in operation and maintenance expenses:

	Year Ended December 31,					
	2018		2017		2016	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)					
Corporate service charges	$ 190	$ 147	$ 188	$ 128	$ 179	$ 125
Net affiliate service charges (billings)	(17)	17	(9)	9	(8)	8

The table below presents transactions among Houston Electric, CERC and their parent, Utility Holding.

	Year Ended December 31,					
	2018		2017		2016	
	Houston Electric	CERC	Houston Electric	CERC	Houston Electric	CERC
	(in millions)					
Cash dividends paid to parent	$ 209	$ 360	$ 180	$ 601	$ 135	$ 643
Cash contribution from parent	200	960	—	38	374	72
Capital distribution to parent associated with the Internal Spin	—	1,473	—	—	—	—

(22) Subsequent Events

Enable Distributions Declarations (CenterPoint Energy)

Equity Instrument	Declaration Date	Record Date	Payment Date	Per Unit Distribution	Expected Cash Distribution
					(in millions)
Common units	February 8, 2019	February 19, 2019	February 26, 2019	$ 0.318	$ 74
Enable Series A Preferred Units	February 8, 2019	February 8, 2019	February 14, 2019	0.625	9

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls And Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Registrants carried out separate evaluations, under the supervision and with the participation of each company's management, including the principal executive officer and principal financial officer, of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, the principal executive officer and principal financial officer, in each case, concluded that the disclosure controls and procedures were effective as of December 31, 2018 to provide assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in the Registrants' internal controls over financial reporting that occurred during the three months ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Registrants' internal controls over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

The Registrants' management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Management has designed its internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Management's assessment included review and testing of both the design effectiveness and operating effectiveness of controls over all relevant assertions related to all significant accounts and disclosures in the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Registrants' management, including their respective principal executive officers and principal financial officers, the Registrants conducted an evaluation of the effectiveness of their internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Registrants' evaluation under the framework in *Internal Control — Integrated Framework* (2013), the Registrants' management has concluded, in each case, that their internal control over financial reporting was effective as of December 31, 2018.

Deloitte & Touche LLP, CenterPoint Energy's independent registered public accounting firm, has issued an attestation report on the effectiveness of CenterPoint Energy's internal control over financial reporting as of December 31, 2018 which is set forth below. This report is not applicable to Houston Electric or CERC as they are not accelerated or large accelerated filers.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated February 28, 2019, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S.

federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 28, 2019

Item 9B. ***Other Information***

Amended and Restated Short Term Incentive Plan

Effective January 1, 2019, the Board of Directors of CenterPoint Energy amended and restated the CenterPoint Energy, Inc. Short Term Incentive Plan. The Short Term Incentive Plan, as amended and restated, includes, among other things, the following changes:

- Revised eligibility requirements to provide clarity with respect to participants employed for a portion of the applicable plan year;
- Amended methodology for calculating payments upon retirement;
- Removed manager discretion with respect to terminations after the plan year but before the payment date to conform to operational practice; and
- Deleted provisions related to Section 162(m) of the Internal Revenue Code to reflect current legislative changes.

The foregoing description of the Short Term Incentive Plan does not purport to be complete and is subject to, and qualified in its entirety by, reference to the complete text of the Short Term Incentive Plan, a copy of which is filed as Exhibit 10(m) to this Annual Report on Form 10-K and incorporated by reference herein.

Termination of Certain Plans of Vectren

On February 26, 2019, the Board of Directors of Vectren terminated (i) the At Risk Compensation Plan, dated May 1, 2001, as most recently amended and restated May 24, 2016, (ii) the Vectren Incentive Plan Guidelines and (iii) the Severance Plan for Executive Officers, dated December 31, 2011, as most recently amended and restated February 21, 2017, the terminations of which are effective as of February 26, 2019. With respect to the At Risk Compensation Plan and the Vectren Incentive Plan Guidelines, there were no awards outstanding under each respective plan as of the termination. With respect to the Severance Plan for Executive Officers, there were no participants under such plan upon the closing of the Merger.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

For CenterPoint Energy, the information called for by Item 10, to the extent not set forth in "Executive Officers" in Item 1, will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2019 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 10 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 10 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

Item 11. ***Executive Compensation***

For CenterPoint Energy, the information called for by Item 11 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2019 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 11 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 11 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

For CenterPoint Energy, the information called for by Item 12 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2019 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 12 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

For Houston Electric and CERC, the information called for by Item 12 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

For CenterPoint Energy, the information called for by Item 13 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2019 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 13 are incorporated herein by reference pursuant to Instruction G to Form 10-K. See Note 11 for information related to CenterPoint Energy's affiliate transactions.

For Houston Electric and CERC, the information called for by Item 13 is omitted pursuant to Instruction I(2) to Form 10-K (Omission of Information by Certain Wholly-Owned Subsidiaries).

Item 14. ***Principal Accounting Fees and Services***

For CenterPoint Energy, the information called for by Item 14 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2019 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 14 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

Aggregate fees billed to Houston Electric and CERC during the year ended December 31, 2018 and 2017 by their principal accounting firm, Deloitte & Touche LLP, are set forth below.

	Year Ended December 31,			
	2018		2017	
	Houston Electric	CERC	Houston Electric	CERC
Audit fees (1)	$ 859,950	$ 1,360,800	$ 819,364	$ 1,296,576
Audit-related fees (2)	529,000	121,000	516,000	106,000
Total audit and audit-related fees	1,388,950	1,481,800	1,335,364	1,402,576
Tax fees	—	—	—	—
All other fees	—	—	—	—
Total fees	$ 1,388,950	$ 1,481,800	$ 1,335,364	$ 1,402,576

(1) For 2018 and 2017, amounts include fees for services provided by the principal accounting firm relating to the integrated audit of financial statements and internal control over financial reporting, statutory audits, attest services, and regulatory filings.

(2) For 2018 and 2017, includes fees for consultations concerning financial accounting and reporting standards and various agreed-upon or expanded procedures related to accounting records to comply with financial accounting or regulatory reporting matters.

Houston Electric and CERC each are not required to have, and do not have, an audit committee.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) Financial Statements.

The financial statements of Enable Midstream Partners, LP required pursuant to Rule 3-09 of Regulation S-X are included in this filing for CenterPoint Energy as Exhibit 99.1.

(a)(2) Financial Statement Schedules for the Three Years Ended December 31, 2018.

The following schedules are omitted by the Registrants because of the absence of the conditions under which they are required or because the required information is included in the financial statements:

I, II, III, IV and V.

(a)(3) Exhibits.

See Index of Exhibits beginning on page 170, which index also includes the management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K.

Item 16. ***Form 10-K Summary***

None.

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

EXHIBITS TO THE COMBINED ANNUAL REPORT ON FORM 10-K
For Fiscal Year Ended December 31, 2018

INDEX OF EXHIBITS

Exhibits included with this report are designated by a cross (†); all exhibits not so designated are incorporated herein by reference to a prior filing as indicated. Exhibits designated by an asterisk (*) are management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K. The Registrants have not filed the exhibits and schedules to Exhibit 2. The Registrants hereby agree to furnish supplementally a copy of any schedule omitted from Exhibit 2 to the SEC upon request.

The agreements included as exhibits are included only to provide information to investors regarding their terms. The agreements listed below may contain representations, warranties and other provisions that were made, among other things, to provide the parties thereto with specified rights and obligations and to allocate risk among them, and such agreements should not be relied upon as constituting or providing any factual disclosures about us, any other persons, any state of affairs or other matters.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
2(a)	— Transaction Agreement dated July 21, 2004 among CenterPoint Energy, Utility Holding, LLC, NN Houston Sub, Inc., Texas Genco Holdings, Inc. (Texas Genco), HPC Merger Sub, Inc and GC Power Acquisition LLC	CenterPoint Energy's Form 8-K dated July 21, 2004	1-31447	10.1	X		
2(b)**	— Agreement and Plan of Merger, dated as of April 21, 2018, by and among Vectren Corporation, CenterPoint Energy, Inc. and Pacer Merger Sub, Inc.	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	2.1	X		
2(c)(1)	Agreement and Plan of Merger among CERC, Houston Lighting and Power Company ("HL&P"), HI Merger, Inc. and NorAm Energy Corp. ("NorAm") dated August 11, 1996	Houston Industries' ("HI's") Form 8-K dated August 11, 1996	1-7629	2			X
2(c)(2)	Amendment to Agreement and Plan of Merger among CERC, HL&P, HI Merger, Inc. and NorAm dated August 11, 1996	Registration Statement on Form S-4	333-11329	2(c)			X
2(d)	Agreement and Plan of Merger dated December 29, 2000 merging Reliant Resources Merger Sub, Inc. with and into Reliant Energy Services, Inc.	Registration Statement on Form S-3	333-54526	2			X
2(e)	Master Formation Agreement dated March 14, 2013 by and among CenterPoint Energy, Inc., OGE Energy Corp., Bronco Midstream Holdings, LLC and Bronco Midstream Holdings II, LLC	CenterPoint Energy's Form 8-K dated March 14, 2013	1-31447	2 1	X		X
3(a)	— Restated Articles of Incorporation of CenterPoint Energy	CenterPoint Energy's Form 8-K dated July 24, 2008	1-31447	3.2	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
3(b)	Articles of Conversion of Reliant Energy Incorporated	Houston Electric's Form 8-K dated August 31, 2002	1-3187	3(a)		X	
3(c)	— Restated Certificate of Formation of Houston Electric	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3.1		X	
3(d)	— Certificate of Incorporation of RERC Corp.	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(1)			X
3(e)	— Certificate of Merger merging former NorAm Energy Corp. with and into HI Merger, Inc. dated August 6, 1997	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(a)(2)			X
3(f)	— Certificate of Amendment changing the name to Reliant Energy Resources Corp.	CERC Form 10-K for the year ended December 31, 1998	1-13265	3(a)(3)			X
3(g)	— Certificate of Amendment changing the name to CenterPoint Energy Resources Corp.	CERC Form 10-Q for the quarter ended June 30, 2003	1-13265	3(a)(4)			X
3(h)	— Third Amended and Restated Bylaws of CenterPoint Energy	CenterPoint Energy's Form 8-K dated February 21, 2017	1-31447	3.1	X		
3(i)	— Amended and Restated Limited Liability Company Agreement of Houston Electric	Houston Electric's Form 10-Q for the quarter ended June 30, 2011	1-3187	3 2		X	
3(j)	— Bylaws of RERC Corp	CERC Form 10-K for the year ended December 31, 1997	1-13265	3(b)			X
3(k)	— Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 10-K for the year ended December 31, 2011	1-31447	3(c)	X		
3(l)	— Statement of Resolution Establishing Series of Shares Designated Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	3.1	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
3(m)	— Statement of Resolution Establishing	CenterPoint Energy's	1-31447	3.1	X		

	Series of Shares designated 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy	Form 8-K dated September 25, 2018					
4(a)	— Form of CenterPoint Energy Stock Certificate	CenterPoint Energy's Registration Statement on Form S-4	333-69502	4.1	X		
4(b)	Form of Certificate representing the Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy	CenterPoint Energy's Form 8-K dated August 22, 2018	1-31447	4.1	X		
4(c)	Form of Certificate representing the 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy (included as Exhibit A to Exhibit 3(l))	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.1	X		
4(d)	Deposit Agreement, dated as of October 1, 2018, among CenterPoint Energy and Broadridge Corporate Issuer Solutions, Inc., as Depositary, and the holders from time to time of the Depositary Receipts described therein	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.2	X		
4(e)	Form of Depositary Receipt for the Depositary Shares (included as Exhibit A to Exhibit 4(d))	CenterPoint Energy's Form 8-K dated September 25, 2018	1-31447	4.3	X		
4(f)	— Contribution and Registration Agreement dated December 18, 2001 among Reliant Energy, CenterPoint Energy and the Northern Trust Company, trustee under the Reliant Energy, Incorporated Master Retirement Trust	CenterPoint Energy's Form 10-K for the year ended December 31, 2001	1-31447	4.3	X		
4(g)(1)	— Mortgage and Deed of Trust, dated November 1, 1944 between Houston Lighting and Power Company (HL&P) and Chase Bank of Texas, National Association (formerly, South Texas Commercial National Bank of Houston), as Trustee, as amended and supplemented by 20 Supplemental Indentures thereto	HL&P's Form S-7 filed on August 25, 1977	2-59748	2(b)	X	X	
4(g)(2)	— Twenty-First through Fiftieth Supplemental Indentures to Exhibit 4(g)(1)	HL&P's Form 10-K for the year ended December 31, 1989	1-3187	4(a)(2)	X	X	

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(g)(3)	— Fifty-First Supplemental Indenture to Exhibit 4(g)(1) dated as of March 25, 1991	HL&P's Form 10-Q for the quarter ended June 30, 1991	1-3187	4(a)	X	X	
4(g)(4)	— Fifty-Second through Fifty-Fifth Supplemental Indentures to Exhibit 4(g)(1) each dated as of	HL&P's Form 10-Q for the quarter ended March 31, 1992	1-3187	4	X	X	

	March 1, 1992						
4(g)(5)	— Fifty-Sixth and Fifty-Seventh Supplemental Indentures to Exhibit 4(g)(1) each dated as of October 1, 1992	HL&P's Form 10-Q for the quarter ended September 30, 1992	1-3187	4	X	X	
4(g)(6)	— Fifty-Eighth and Fifty-Ninth Supplemental Indentures to Exhibit 4(g)(1) each dated as of March 1, 1993	HL&P's Form 10-Q for the quarter ended March 31, 1993	1-3187	4	X	X	
4(g)(7)	— Sixtieth Supplemental Indenture to Exhibit 4(g)(1) dated as of July 1, 1993	HL&P's Form 10-Q for the quarter ended June 30, 1993	1-3187	4	X	X	
4(g)(8)	— Sixty-First through Sixty-Third Supplemental Indentures to Exhibit 4(g)(1) each dated as of December 1, 1993	HL&P's Form 10-K for the year ended December 31, 1993	1-3187	4(a)(8)	X	X	
4(g)(9)	— Sixty-Fourth and Sixty-Fifth Supplemental Indentures to Exhibit 4(g)(1) each dated as of July 1, 1995	HL&P's Form 10-K for the year ended December 31, 1995	1-3187	4(a)(9)	X	X	
4(h)(1)	— General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(1)	X	X	
4(h)(2)	— Second Supplemental Indenture to Exhibit 4(h)(1), dated as of October 10, 2002	Houston Electric's Form 10- Q for the quarter ended September 30, 2002	1-3187	4(j)(3)	X	X	
4(h)(3)	— Third Supplemental Indenture to Exhibit 4(h)(1), dated as of October 10, 2002	Houston Electric's Form 10-Q for the quarter ended September 30, 2002	1-3187	4(j)(4)	X	X	
4(h)(4)	— Officer's Certificates dated October 10, 2002 setting forth the form, terms and provisions of the First through Eighth Series of General Mortgage Bonds	CenterPoint Energy's Form 10-K for the year ended December 31, 2003	1-31447	4(e)(10)	X	X	

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(h)(5)	— Ninth Supplemental Indenture to Exhibit 4(h)(1), dated as of November 12, 2002	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	4(e)(10)	X	X	
4(h)(6)	— Tenth Supplemental Indenture to Exhibit 4(h)(1), dated as of March 18, 2003	CenterPoint Energy's Form 8-K dated March 13, 2003	1-31447	4.1	X	X	
4(h)(7)	— Officer's Certificate dated March 18, 2003 setting forth the form, terms and provisions of the Tenth Series and Eleventh Series of General Mortgage Bonds	CenterPoint Energy's Form 8-K dated March 13, 2003	1-31447	4.2	X	X	
4(h)(8)	— Eleventh Supplemental Indenture to Exhibit 4(h)(1), dated as of May 23, 2003	CenterPoint Energy's Form 8-K dated May 16, 2003	1-31447	4.2	X	X	
4(h)(9)	— Officer's Certificate dated May 23, 2003 setting forth the form, terms and provisions of the Twelfth Series	CenterPoint Energy's Form 8-K dated May 16, 2003	1-31447	4.1	X	X	

	of General Mortgage Bonds						
4(h)(10)	— Twentieth Supplemental Indenture to Exhibit 4(h)(1), dated as of December 9, 2008	Houston Electric's Form 8-K dated January 6, 2009	1-3187	4.2	X	X	
4(h)(11)	— Twenty-Second Supplemental Indenture to Exhibit 4(h)(1) dated as of August 10, 2012	CenterPoint Energy's Form 10-K for the year ended December 31, 2012	1-31447	4(e)(33)	X	X	
4(h)(12)	— Officer's Certificate, dated August 10, 2012 setting forth the form, terms and provisions of the Twenty-Second Series of General Mortgage Bonds	CenterPoint Energy's Form 10-K for the year ended December 31, 2012	1-31447	4(e)(34)	X	X	
4(h)(13)	— Twenty-Third Supplemental Indenture to Exhibit 4(h)(1) dated as of March 17, 2014	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014	1-31447	4.10	X	X	
4(h)(14)	— Officer's Certificate, dated as of March 17, 2014, setting forth the form, terms and provisions of the Twenty-Third Series of General Mortgage Bonds	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014	1-31447	4.11	X	X	
4(h)(15)	— Twenty-Fourth Supplemental Indenture to Exhibit 4(h)(1) dated as of May 18, 2016	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2016	1-31447	4.5	X	X	
4(h)(16)	— Officer's Certificate, dated as of May 18, 2016, setting forth the form, terms and provisions of the Twenty-Fifth Series of General Mortgage Bonds	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2016	1-31447	4.6	X	X	

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(h)(17)	— Twenty-Fifth Supplemental Indenture to Exhibit 4(h)(1) dated as of August 11, 2016	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016	1-31447	4.5	X	X	
4(h)(18)	— Officer's Certificate, dated as of August 11, 2016, setting forth the form, terms and provisions of the Twenty-Sixth Series of General Mortgage Bonds	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016	1-31447	4.6	X	X	
4(h)(19)	— Twenty-Sixth Supplemental Indenture to Exhibit 4(h)(1) dated as of January 12, 2017	CenterPoint Energy's Form 10-K for the year ended December 31, 2016	1-31447	4(e)(41)	X	X	
4(h)(20)	— Officer's Certificate, dated as of January 12, 2017, setting forth the form, terms and provisions of the Twenty-Seventh Series of General Mortgage Bonds	CenterPoint Energy's Form 10-K for the year ended December 31, 2016	1-31447	4(e)(42)	X	X	
4(h)(21)	— Twenty-Seventh Supplemental Indenture to Exhibit 4(h)(1) dated as of February 28, 2018	CenterPoint Energy's Form 10-Q for the quarter ended March 30, 2018	1-31447	4 9	X	X	
4(h)(22)	— Officer's Certificate, dated as of February 28, 2018, setting forth the form, terms and provisions of the	CenterPoint Energy's Form 10-Q for the quarter ended March	1-31447	4.10	X	X	

	Twenty-Eighth Series of General Mortgage Bonds	30, 2018					
4(h)(23)	Twenty-Eighth Supplemental Indenture to Exhibit 4(h)(1) dated as of January 15, 2019	Houston Electric's Form 8-K dated January 10, 2019	1-3187	4.4	X	X	
†4(h)(24)	— Officer's Certificate, dated as of January 15, 2019, setting forth the form, terms and provisions of the Twenty-Ninth Series of General Mortgage Bonds				X	X	
4(i)(1)	— Indenture, dated as of February 1, 1998, between Reliant Energy Resources Corp. (RERC Corp.) and Chase Bank of Texas, National Association, as Trustee	CERC Corp.'s Form 8-K dated February 5, 1998	1-13265	4 1	X		X
4(i)(2)	— Supplemental Indenture No. 10 to Exhibit 4(i)(1), dated as of February 6, 2007, providing for the issuance of CERC Corp.'s 6.25% Senior Notes due 2037	CenterPoint Energy's Form 10-K for the year ended December 31, 2006	1-31447	4(f)(11)	X		X
4(i)(3)	— Supplemental Indenture No. 12 to Exhibit 4(i)(1) dated as of October 23, 2007, providing for the issuance of CERC Corp.'s 6.625% Senior Notes due 2037	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2008	1-31447	4.9	X		X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(i)(4)	— Supplemental Indenture No. 14 to Exhibit 4(i)(1) dated as of January 11, 2011, providing for the issuance of CERC Corp 's 4.50% Senior Notes due 2021 and 5.85% Senior Notes due 2041	CenterPoint Energy's Form 10-K for the year ended December 31, 2010	1-31447	4(f)(15)	X		X
4(i)(5)	— Supplemental Indenture No 15 to Exhibit 4(i)(1) dated as of January 20, 2011, providing for the issuance of CERC Corp.'s 4 50% Senior Notes due 2021	CenterPoint Energy's Form 10-K for the year ended December 31, 2010	1-31447	4(f)(16)	X		X
4(i)(6)	— Supplemental Indenture No. 16 to Exhibit 4(i)(1) dated as of August 23, 2017, providing for the issuance of CERC Corp.'s 4 10% Senior Notes due 2047	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2017	1-31447	4.11	X		X
4(i)(7)	— Supplemental Indenture No. 17 to Exhibit 4(i)(1) dated as of March 28, 2018, providing for the issuance of CERC Corp.'s 3.55% Senior Notes due 2023 and 4.00% Senior Notes due 2028	CERC's Form 10-Q for the quarter ended March 31, 2018	1-13265	4.4	X		X
4(j)(1)	— Indenture, dated as of May 19, 2003, between CenterPoint Energy and JPMorgan Chase Bank, as Trustee	CenterPoint Energy's Form 8-K dated May 19, 2003	1-31447	4.1	X		
4(j)(2)	— Supplemental Indenture No. 9 to Exhibit 4(j)(1), dated as of August 10, 2017, providing for the issuance of CenterPoint Energy's 2 50% Senior Notes due 2022	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2017	1-31447	4 9	X		

4(j)(3)	— Supplemental Indenture No. 10 to Exhibit 4(j)(1), dated as of October 5, 2018, providing for the issuance of CenterPoint Energy's 3.60% Senior Notes due 2021, 3.85% Senior Notes due 2024 and 4.25% Senior Notes due 2028	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2018	1-31447	4.14	X		
4(k)(1)	— Subordinated Indenture dated as of September 1, 1999	Reliant Energy's Form 8-K dated September 1, 1999	1-3187	4.1	X		
4(k)(2)	— Supplemental Indenture No. 1 dated as of September 1, 1999, between Reliant Energy and Chase Bank of Texas (supplementing Exhibit 4(k)(1) and providing for the issuance Reliant Energy's 2% Zero-Premium Exchangeable Subordinated Notes Due 2029)	Reliant Energy's Form 8-K dated September 15, 1999	1-3187	4.2	X		
4(k)(3)	— Supplemental Indenture No. 2 dated as of August 31, 2002, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(k)(1))	CenterPoint Energy's Form 8-K12B dated August 31, 2002	1-31447	4(e)	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
4(k)(4)	— Supplemental Indenture No. 3 dated as of December 28, 2005, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(k)(1))	CenterPoint Energy's Form 10-K for the year ended December 31, 2005	1-31447	4(h)(4)	X		
4(l)(1)	— $1,600,000,000 Credit Agreement dated as of March 3, 2016, among CenterPoint Energy, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated March 3, 2016	1-31447	4.1	X		
4(l)(2)	— First Amendment to Amended and Restated Credit Agreement, dated as of June 16, 2017, by and among CenterPoint Energy, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.1	X		
4(l)(3)	Second Amendment to Amended and Restated Credit Agreement, dated as of May 25, 2018, by and among CenterPoint Energy, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated May 25, 2018	1-31447	4.1	X		
4(m)(1)	— $300,000,000 Credit Agreement dated as of March 3, 2016, among Houston Electric, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated March 3, 2016	1-31447	4.2	X	X	
4(m)(2)	— First Amendment to Credit Agreement, dated as of June 16, 2017, among Houston Electric, as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.2	X	X	
4(n)(1)	— $600,000,000 Credit Agreement dated as of March 3, 2016, among	CenterPoint Energy's Form 8-K dated March	1-31447	4.3	X		X

	CERC Corp., as Borrower, and the banks named therein	3, 2016					
4(n)(2)	— First Amendment to Credit Agreement, dated as of June 16, 2017, among CERC Corp., as Borrower, and the banks named therein	CenterPoint Energy's Form 8-K dated June 16, 2017	1-31447	4.3	X		X

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrants have not filed as exhibits to this Form 10-K certain long-term debt instruments, including indentures, under which the total amount of securities authorized does not exceed 10% of the total assets of the Registrants and its subsidiaries on a consolidated basis. The Registrants hereby agree to furnish a copy of any such instrument to the SEC upon request.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(a)	— CenterPoint Energy, Inc. 1991 Benefit Restoration Plan, as amended and restated effective as of February 25, 2011	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2011	1-31447	10.3	X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(b)(1)	— CenterPoint Energy Benefit Restoration Plan, effective as of January 1, 2008	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.1	X		
*10(b)(2)	— First Amendment to Exhibit 10(b)(1), effective as of February 25, 2011	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.4	X		
*10(c)	— CenterPoint Energy 1985 Deferred Compensation Plan, as amended and restated effective January 1, 2003	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003	1-31447	10.1	X		
*10(d)(1)	— Amended and Restated CenterPoint Energy, Inc. 1991 Savings Restoration Plan, effective as of January 1, 2008	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.4	X		
*10(d)(2)	— First Amendment to Exhibit 10(d)(1), effective as of February 25, 2011	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.5	X		
*10(e)(1)	— CenterPoint Energy Savings Restoration Plan, effective as of January 1, 2008	CenterPoint Energy's Form 8-K dated December 22, 2008	1-31447	10.3	X		
*10(e)(2)	— First Amendment to Exhibit 10(e)(1), effective as of February 25, 2011	CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011	1-31447	10.6	X		
*10(f)	— CenterPoint Energy Executive Life Insurance Plan, as amended and restated effective June 18, 2003	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003	1-31447	10.5	X		
10(g)(1)	— Stockholder's Agreement dated as of July 6, 1995 between Houston Industries Incorporated and Time Warner Inc.	Schedule 13-D dated July 6, 1995	5-19351	2	X		

10(g)(2)	— Amendment to Exhibit 10(g)(1) dated November 18, 1996	HI's Form 10-K for the year ended December 31, 1996	1-7629	10(x)(4)	X		
†10(h)	— Summary of Certain Compensation Arrangements of the Executive Chairman of the Board				X		
10(i)(1)	— Master Separation Agreement entered into as of December 31, 2000 between Reliant Energy, Incorporated and Reliant Resources, Inc	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.1	X		

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Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(i)(2)	— First Amendment to Exhibit 10(i)(1) effective as of February 1, 2003	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(bb)(5)	X		
10(i)(3)	— Employee Matters Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.5	X		
10(i)(4)	— Retail Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc.	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.6	X		
10(i)(5)	— Tax Allocation Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc.	Reliant Energy's Form 10-Q for the quarter ended March 31, 2001	1-3187	10.8	X		
10(j)(1)	— Separation Agreement entered into as of August 31, 2002 between CenterPoint Energy and Texas Genco	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(1)	X		
10(j)(2)	— Transition Services Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(2)	X		
10(j)(3)	— Tax Allocation Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco	CenterPoint Energy's Form 10-K for the year ended December 31, 2002	1-31447	10(cc)(3)	X		
*10(k)(1)	— CenterPoint Energy, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2003	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2003	1-31447	10.2	X		
*10(k)(2)	— First Amendment to Exhibit 10(k)(1) effective as of January 1, 2008	CenterPoint Energy's Form 8-K dated February 20, 2008	1-31447	10.4	X		
*10(l)(1)	— CenterPoint Energy 2005 Deferred Compensation Plan, effective January 1, 2008	CenterPoint Energy's Form 8-K dated February 20, 2008	1-31447	10.3	X		
*10(l)(2)	— Amended and Restated CenterPoint Energy 2005 Deferred Compensation Plan, effective January 1, 2009	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.1	X		

†*10(m)	— CenterPoint Energy Short Term Incentive Plan, as amended and restated effective January 1, 2019				X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
*10(n)	— Amended and Restated CenterPoint Energy Stock Plan for Outside Directors	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.1	X		
10(o)	— City of Houston Franchise Ordinance	CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2005	1-31447	10.1	X	X	
10(p)(1)	— Amended and Restated HL&P Executive Incentive Compensation Plan effective as of January 1, 1985	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.2	X		
10(p)(2)	— First Amendment to Exhibit 10(p)(1) effective as of January 1, 2008	CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008	1-31447	10.3	X		
*10(q)(1)	— CenterPoint Energy, Inc. 2009 Long Term Incentive Plan	CenterPoint Energy's Schedule 14A dated March 13, 2009	1-31447	A	X		
*10(q)(2)	— Form of Performance Award Agreement for 20XX - 20XX Performance Cycle under Exhibit 10(q)(1)	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.3	X		
*10(q)(3)	— Form of Performance Award Agreement for Executive Chairman 20XX - 20XX Performance Cycle under Exhibit 10(q)(1)	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.4	X		
*10(q)(4)	— Form of Restricted Stock Unit Award Agreement (With Performance Goal) under Exhibit 10(q)(1)	CenterPoint Energy's Form 8-K dated February 28, 2012	1-31447	10.2	X		
*10(q)(5)	— Form of Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(q)(1)	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10 5	X		
*10(q)(6)	— Form of Restricted Stock Unit Award Agreement (Retention, Service-Based Vesting) under Exhibit 10(q)(1)	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.6	X		
*10(q)(7)	— Form of Executive Chairman Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(q)(1)	CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018	1-31447	10.7	X		
†10(r)	— Summary of Non-Employee Director Compensation				X		
†10(s)	— Summary of Senior Executive Officer				X		

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(t)	— Change in Control Plan	CenterPoint Energy's Form 8-K dated April 27, 2017	1-31447	10.1	X		
10(u)	— Omnibus Amendment to CenterPoint Energy, Inc. Benefit Plans, dated May 23, 2013	CenterPoint Energy's Form 10-K for the year ended December 31, 2013	1-31447	10(zz)	X		
10(v)	— Master Formation Agreement, dated as of March 14, 2013, among CenterPoint Energy, OGE, Bronco Midstream Holdings, LLC and Bronco Midstream Holdings II, LLC	CenterPoint Energy's Form 8-K dated March 14, 2013	1-31447	2.1	X		
10(w)	— Fifth Amended and Restated Agreement of Limited Partnership of Enable Midstream Partners, LP, dated November 14, 2017	CenterPoint Energy's Form 8-K dated November 14, 2017	1-31447	10.1	X		
10(x)	— Third Amended and Restated Limited Liability Company Agreement of Enable GP, LLC dated June 22, 2016	CenterPoint Energy's Form 8-K dated June 22, 2016	1-31447	10.2	X		
10(y)	— Registration Rights Agreement dated as of May 1, 2013 by and among CenterPoint Energy Field Services (CEFS), CERC Corp., OGE Enogex Holdings LLC, and Enogex Holdings LLC	CenterPoint Energy's Form 8-K dated May 1, 2013	1-31447	10.3	X		
10(z)	— Omnibus Agreement dated as of May 1, 2013 among CenterPoint Energy, OGE, Enogex Holdings LLC and CEFS	CenterPoint Energy's Form 8-K dated May 1, 2013	1-31447	10.4	X		
10(aa)	Indenture, dated as of May 27, 2014, between Enable Midstream Partners, LP and U S. Bank National Association, as trustee	CERC's Form 8-K dated May 27, 2014	1-13265	10.1			X
10(bb)	First Supplemental Indenture, dated as of May 27, 2014, among Enable Midstream Partners, LP, CenterPoint Energy Resources Corp., as guarantor, and U.S. Bank National Association, as trustee	CERC's Form 8-K dated May 27, 2014	1-13265	10.2			X
10(cc)	Registration Rights Agreement, dated as of May 27, 2014, by and among Enable Midstream Partners, LP, CenterPoint Energy Resources Corp., as guarantor, and RBS Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, and RBC Capital Markets, LLC, as representatives of the initial purchasers	CERC's Form 8-K dated May 27, 2014	1-13265	10.3			X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
10(dd)	— Purchase Agreement dated January 28, 2016, by and between Enable Midstream Partners, LP and CenterPoint Energy, Inc.	CenterPoint Energy's Form 8-K dated January 28, 2016	1-31447	10.1	X		
10(ee)	— Registration Rights Agreement dated as of February 18, 2016 by and between Enable Midstream Partners, LP and CenterPoint Energy, Inc.	CenterPoint Energy's Form 8-K dated February 18, 2016	1-31447	10 2	X		
10(ff)	Commitment Letter, dated as of April 21, 2018, by Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc. to CenterPoint Energy, Inc.	CenterPoint Energy's Form 8-K dated April 21, 2018	1-31447	10.1	X		
†21	— Subsidiaries of CenterPoint Energy				X		
†23.1.1	— Consent of Deloitte & Touche LLP				X		
†23.1.2	— Consent of Deloitte & Touche LLP					X	
†23.1.3	— Consent of Deloitte & Touche LLP						X
†23.2	— Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of Enable Midstream Partners, LP				X		
†31.1.1	— Rule 13a-14(a)/15d-14(a) Certification of Scott M. Prochazka				X		
†31.1.2	— Rule 13a-14(a)/15d-14(a) Certification of Scott M. Prochazka					X	
†31.1.3	— Rule 13a-14(a)/15d-14(a) Certification of Scott M. Prochazka						X
†31.2.1	— Rule 13a-14(a)/15d-14(a) Certification of William D. Rogers				X		
†31.2.2	— Rule 13a-14(a)/15d-14(a) Certification of William D. Rogers					X	
†31.2.3	— Rule 13a-14(a)/15d-14(a) Certification of William D. Rogers						X
†32.1.1	— Section 1350 Certification of Scott M. Prochazka				X		
†32.1.2	— Section 1350 Certification of Scott M Prochazka					X	
†32.1.3	— Section 1350 Certification of Scott M Prochazka						X
†32.2.1	— Section 1350 Certification of William D Rogers				X		
†32.2.2	— Section 1350 Certification of William D. Rogers					X	
†32.2.3	— Section 1350 Certification of William D. Rogers						X

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference	CenterPoint Energy	Houston Electric	CERC
99.1	— Financial Statements of Enable Midstream Partners, LP as of	Part II, Item 8 of Enable Midstream	001-36413	Item 8	X		

	December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017and 2016	Partners, LP's Form 10-K for the year ended December 31, 2018			
†101.INS	— XBRL Instance Document		X	X	X
†101.SCH	— XBRL Taxonomy Extension Schema Document		X	X	X
†101.CAL	— XBRL Taxonomy Extension Calculation Linkbase Document		X	X	X
†101.DEF	— XBRL Taxonomy Extension Definition Linkbase Document		X	X	X
†101.LAB	— XBRL Taxonomy Extension Labels Linkbase Document		X	X	X
†101.PRE	— XBRL Taxonomy Extension Presentation Linkbase Document		X	X	X

**Schedules to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any document so furnished.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on the 28th day of February, 2019.

CENTERPOINT ENERGY, INC.
(Registrant)

By: /s/ Scott M. Prochazka
Scott M. Prochazka
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2019.

Signature	Title
/s/ SCOTT M. PROCHAZKA Scott M. Prochazka	President, Chief Executive Officer and Director (Principal Executive Officer and Director)
/s/ WILLIAM D. ROGERS William D. Rogers	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ KRISTIE L. COLVIN Kristie L. Colvin	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ MILTON CARROLL Milton Carroll	Executive Chairman of the Board of Directors
/s/ LESLIE D. BIDDLE Leslie D. Biddle	Director
/s/ SCOTT J. MCLEAN Scott J. McLean	Director
/s/ MARTIN H. NESBITT	Director

Martin H. Nesbitt

/s/ THEODORE F. POUND Theodore F. Pound	Director
/s/ SUSAN O. RHENEY Susan O. Rheney	Director
/s/ PHILLIP R. SMITH Phillip R. Smith	Director
/s/ JOHN W. SOMERHALDER II John W. Somerhalder II	Director
/s/ PETER S. WAREING Peter S. Wareing	Director

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
(Registrant)

By: /s/ SCOTT M. PROCHAZKA
Scott M. Prochazka
Manager

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2019.

Signature	Title
/s/ SCOTT M. PROCHAZKA (Scott M. Prochazka)	Manager and Chairman (Principal Executive Officer)
/s/ WILLIAM D. ROGERS (William D. Rogers)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ KRISTIE L. COLVIN (Kristie L. Colvin)	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

CENTERPOINT ENERGY RESOURCES CORP.
(Registrant)

By: /s/ SCOTT M. PROCHAZKA
Scott M. Prochazka
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2019.

Signature	Title
/s/ SCOTT M. PROCHAZKA	Chairman, President and Chief Executive Officer

(Scott M. Prochazka)	(Principal Executive Officer and Director)
/s/ WILLIAM D. ROGERS	Executive Vice President and Chief Financial Officer
(William D. Rogers)	(Principal Financial Officer)
/s/ KRISTIE L. COLVIN	Senior Vice President and Chief Accounting Officer
(Kristie L. Colvin)	(Principal Accounting Officer)

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Section 2: EX-4.(H)(24) (EXHIBIT 4.(H)(24))

Exhibit 4(h)(24)

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

OFFICER'S CERTIFICATE

January 15, 2019

I, the undersigned officer of CenterPoint Energy Houston Electric, LLC, a Texas limited liability company (the "Company"), do hereby certify that I am an Authorized Officer of the Company as such term is defined in the Indenture (as defined herein). I am delivering this certificate pursuant to the authority granted in the Resolutions adopted by written consent of the sole Manager of the Company dated January 4, 2019, and Sections 105, 201, 301, 401(1), 401(5), 403(2)(B) and 1403 of the General Mortgage Indenture, dated as of October 10, 2002, as heretofore supplemented to the date hereof (as heretofore supplemented, the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association (successor in trust to JPMorgan Chase Bank), as Trustee (the "Trustee"). Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Indenture, unless the context clearly requires otherwise. Based upon the foregoing, I hereby certify on behalf of the Company as follows:

1. The terms and conditions of the Securities of the series described in this Officer's Certificate are as follows (the numbered subdivisions set forth in this Paragraph 1 corresponding to the numbered subdivisions of Section 301 of the Indenture):

(1) The Securities of the twenty-ninth series to be issued under the Indenture shall be designated as the "4.25% General Mortgage Bonds, Series AC, due 2049" (the "Bonds"), as set forth in the Twenty-Eighth Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee.

(2) The Trustee shall authenticate and deliver the Bonds for original issue on January 15, 2019 (the "Issue Date") in the aggregate principal amount of $700,000,000, upon a Company Order for the authentication and delivery thereof and satisfaction of Section 401 of the Indenture.

(3) Interest on the Bonds shall be payable to the Persons in whose names such Securities are registered at the close of business on the Regular Record Date for such interest (as specified in (5) below), except as otherwise expressly provided in the form of such Securities attached hereto as Exhibit A.

(4) The Bonds shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on February 1, 2049.

(5) The Bonds shall bear interest at the rate of 4.25% per annum. Interest shall accrue on the Bonds from the Issue Date, or the most recent date to which interest has been paid or duly provided for. The Interest Payment Dates for the Bonds shall be February 1 and August 1 in each year commencing August 1, 2019, and the Regular Record Dates with respect to the Interest Payment Dates for the Bonds shall be the January 15 and July 15, respectively, immediately preceding each Interest Payment Date (whether or not a Business

Day); provided however that interest payable at maturity, upon redemption or when principal is otherwise due will be payable to the Holder to whom principal is payable.

(6) The Corporate Trust Office of The Bank of New York Mellon Trust Company, National Association in New York, New York shall be the place at which (i) the principal of and premium, if any, and interest on the Bonds shall be payable, (ii) registration of transfer of the Bonds may be effected, (iii) exchanges of the Bonds may be effected, and (iv) notices and demands to or upon the Company in respect of the Bonds and the Indenture may be served; and The Bank of New York Mellon Trust Company, National Association shall be the Security Registrar and Paying Agent for the Bonds; provided, however, that the Company reserves the right to change, by one or more Officer's Certificates, any such place or the Security Registrar; and provided, further, that the Company reserves the right to designate, by one or more Officer's Certificates, its principal office in Houston, Texas as any such place or itself as the Security Registrar; provided, however, that there shall be only a single Security Registrar for each series of Bonds.

(7) The Bonds shall be redeemable, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to August 1, 2048 at a redemption price equal to the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed that would be due if the Bonds matured on August 1, 2048 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the date of redemption (the "Redemption Date") on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date. On or after August 1, 2048, the Company may redeem the Bonds, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of Bonds to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date, the yield calculated on the third Business Day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor publication) ("H.15") under the caption "Treasury Constant Maturities - Nominal", the Independent Investment Banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the notes (assuming the notes matured on August 1, 2048) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the Independent Investment Banker shall select the maturity closest to August 1, 2048 that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury

Price for such Redemption Date. The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date.

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term ("remaining life") of the Bonds to be redeemed (assuming for this purpose that the Bonds matured on August 1, 2048) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of Mizuho Securities USA LLC, PNC Capital Markets LLC, Regions Securities LLC, TD Securities (USA) LLC or U.S. Bancorp Investments, Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Reference Treasury Dealer" means each of (1) Mizuho Securities USA LLC, TD Securities (USA) LLC and a primary U.S. government securities dealer in the United States of America (a "Primary Treasury Dealer") designated by each of PNC Capital Markets LLC, Regions Securities LLC and U.S. Bancorp Investments, Inc. and their respective successors; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

The Trustee, at the written direction of the Company, will send a notice of redemption to each holder of Bonds to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Bonds registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Bonds or portions thereof called for redemption on the Redemption Date. If fewer than all of the Bonds are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Bonds or portions thereof called for redemption will be selected from the outstanding Bonds not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Bonds and portions of Bonds in amounts

of $2,000 or whole multiples of $1,000. In the case of a partial redemption of Bonds registered in the name of Cede & Co, the Bonds to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

(8) Not applicable.

(9) The Bonds will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

(10) Not applicable.

(11) Not applicable.

(12) Not applicable.

(13) See subsection (7) above.

(14) Not applicable.

(15) Not applicable.

(16) Not applicable.

(17) The Bonds shall be issuable in whole or in part in the form of one or more Global Securities (as defined below). The Depository Trust Company shall initially serve as Depositary (as defined below) with respect to the Global Securities. "Depositary" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as depositary for such Securities. "Global Security" means a Security that evidences all or part of the Securities of a series and bears a legend in substantially the following form:

> THIS SECURITY IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE

TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under the Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of the Indenture.

(2) Notwithstanding any other provision in the Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary

for such Global Security or a nominee thereof unless (A) the Company has notified the Trustee that the Depositary is unwilling or unable to continue as Depositary for such Global Security, the Depositary defaults in the performance of its duties as Depositary, or the Depositary has ceased to be a clearing agency registered under the Exchange Act, in each case, unless the Company has approved a successor Depositary within 90 days, (B) the Company in its sole discretion determines that such Global Security will be so exchangeable or transferable or (C) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by the Indenture.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to Sections 304, 305, 306, 507 or 1406 of the Indenture or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(18) Not applicable.

(19) Not applicable.

(20) For purposes of the Bonds, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business, including dealings in deposits in U.S. dollars, in New York, New York.

(21) Not applicable.

(22) The Bonds shall have such other terms and provisions as are provided in the forms thereof attached hereto as Exhibit A, and shall be issued in substantially such forms.

2. The undersigned has read all of the covenants and conditions contained in the Indenture, and the definitions in the Indenture relating thereto, relating to the authentication, delivery and issuance of the Bonds and the execution and delivery of the Twenty-Eighth Supplemental Indenture and in respect of compliance with which this certificate is made.

3. The statements contained in this certificate are based upon the familiarity of the undersigned with the Indenture, the documents accompanying this certificate, and upon discussions by the undersigned with officers and employees of the Company familiar with the matters set forth herein.

4. In the opinion of the undersigned, she has made such examination or investigation as is necessary to enable her to express an informed opinion as to whether or not such covenants and conditions have been complied with.

5. In the opinion of the undersigned, such conditions and covenants have been complied with.

6. To my knowledge, no Event of Default has occurred and is continuing.

7. The execution of the Twenty-Eighth Supplemental Indenture, dated as of the date hereof, between the Company and the Trustee is authorized or permitted by the Indenture.

8. With respect to Section 403(2)(B) of the Indenture, General Mortgage Bonds, due March 15, 2013, having an aggregate principal amount of $62,895,000 out of an aggregate principal amount of $62,895,000 remaining from the $450,000,000 original aggregate principal amount, General Mortgage Bonds, due March 1, 2017, having an aggregate principal amount of $43,820,000 out of an aggregate principal amount of $43,820,000 remaining from the $43,820,000 original aggregate principal amount, and General Mortgage Bonds, due December 1, 2017, having an aggregate principal amount of $83,565,000 out of an aggregate principal amount of $83,565,000 remaining from the $83,565,000 original aggregate principal amount (the "Retired Mortgage Bonds"), have heretofore been authenticated and delivered and as of the date of this certificate, constitute Retired Securities. $190,280,000 aggregate principal amount of such Retired Mortgage Bonds are the basis for the authentication and delivery of $190,280,000 aggregate principal amount of the Bonds.

9. With respect to Section 402(2)(B) of the Indenture, Property Additions of $5,810,090,785.45 are the basis for authentication and delivery of $509,720,000 aggregate principal amount of the Bonds.

10. The First Mortgage Collateralization Date has not occurred.

11. No certificate of an Independent Accountant pursuant to Section 104 of the Indenture is required in connection with the authentication and delivery of the Bonds because (i) the Net Earnings Certificate covers a period different from that required to be covered by annual reports required to be filed by the Company and (ii) an Independent Accountant has provided the Company with a letter addressed to the Company containing the results of procedures on financial information included in the Net Earnings Certificate that are agreed upon by the Authorized Officer signing the Net Earnings Certificate.

12. Pursuant to the resolutions adopted by the Sole Manager of the Company by written consent on January 4, 2019, Carla A. Kneipp, Vice President and Treasurer, has been named an Authorized Officer, as defined under the Indenture, including for purposes of executing the Net Earnings Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate as of the date first written above.

/s/ Carla A. Kneipp

Carla A. Kneipp
Vice President and Treasurer

Acknowledged and Received as
of the date first written above

THE BANK OF NEW YORK

MELLON TRUST COMPANY,

NATIONAL ASSOCIATION,

As Trustee

/s/ Julie Hoffman-Ramos

Julie Hoffman-Ramos

Vice President

Signature Page to Officer's Certificate Under the Indenture

EXHIBIT A

FORM OF BONDS

THIS SECURITY IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to CenterPoint Energy Houston Electric, LLC or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
4.25% General Mortgage Bonds, Series AC, due 2049

Original Interest Accrual Date: January 15, 2019
Stated Maturity: February 1, 2049
Interest Rate: 4.25%
Interest Payment Dates: February 1 and August 1
Regular Record Dates: January 15 and July 15 immediately preceding the respective Interest Payment Date

Redeemable: Yes [X] No [ ]
Redemption Date: At any time.
Redemption Price: on any date prior to August 1, 2048 at a price equal to the greater of (i) 100% of the principal amount of this Security or the portion hereof to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security or the portion thereof to be redeemed that would be due if this Security matured on August 1, 2048 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date)

discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest to the Redemption Date on the principal amount being redeemed; or on or after August 1, 2048, at a price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest to the Redemption Date on the principal amount being redeemed.

This Security is not an Original Issue Discount Security within the meaning of the within-mentioned Indenture.

Principal Amount   Registered No. T-1

$500,000,000*   CUSIP 15189X AT5

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, a limited liability company duly organized and existing under the laws of the State of Texas (herein called the "Company," which term includes any successor under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

*Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

, or its registered assigns, the principal sum of FIVE HUNDRED MILLION DOLLARS, on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on August 1, 2019, and at Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or duly provided for. The interest so payable, and paid or duly provided for, on any Interest Payment Date shall, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date specified above (whether or not a Business Day) next preceding such Interest Payment Date. Notwithstanding the foregoing, interest payable at Maturity shall be paid to the Person to whom principal shall be paid. Except as otherwise provided in said Indenture, any such interest not so paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice of which shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and premium, if any, on this Security and interest hereon at Maturity shall be made upon presentation of this Security at the office of the Corporate Trust Administration of The Bank of New York Mellon Trust Company, National Association, located in New York, New York or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of interest on this Security (other than interest at Maturity) shall be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register, except that if such Person shall be a securities depositary, such payment may be made by such other means in lieu of check, as shall be agreed upon by the Company, the Trustee and such Person. Payment of the principal of and premium, if any, and interest on this Security, as aforesaid, shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and issuable in one or more series under and equally secured by a General Mortgage Indenture, dated as of October 10, 2002, as supplemented and amended (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association (successor in trust to JPMorgan Chase Bank), trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Security shall be deemed to

constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Security is one of the series designated above.

If any Interest Payment Date, any Redemption Date or the Stated Maturity shall not be a Business Day (as hereinafter defined), payment of the amounts due on this Security on such date may be made on the next succeeding Business Day; and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on such amounts for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

This Security is subject to redemption, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to August 1, 2048 at a price equal to the greater of (i) 100% of the principal amount of this Security (or the portion hereof to be redeemed) or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security (or such portion to be redeemed) that would be due if this Security (or such portion to be redeemed) matured on August 1, 2048 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date. On or after August 1, 2048, the Company may redeem this Security, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

"Treasury Rate" means, with respect to any Redemption Date the yield calculated on the third business day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor publication) ("H.15") under the caption "Treasury Constant Maturities - Nominal", the independent investment banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the notes (assuming the notes matured on August 1, 2048) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the independent investment banker shall select the maturity closest to August 1, 2048 that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date.

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term ("remaining life") of this Security to be redeemed (assuming for this purpose that this Security matured on August 1, 2048) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Security.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of Mizuho Securities USA LLC, PNC Capital Markets LLC, Regions Securities LLC, TD Securities (USA) LLC or U.S. Bancorp Investments, Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company.

"Reference Treasury Dealer" means each of (1) Mizuho Securities USA LLC, TD Securities (USA) LLC and a primary U.S. government securities dealer in the United States of America (a "Primary Treasury Dealer") designated by each of PNC Capital Markets LLC, Regions Securities LLC and U.S. Bancorp Investments, Inc. and their respective successors; *provided, however,* that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

The Trustee, at the written direction of the Company, will send a notice of redemption to each Holder of Securities to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Securities registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Securities or portions thereof called for redemption on the Redemption Date. If fewer than all of the Securities of this series are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Securities of this series or portions thereof for redemption will be selected from the outstanding Securities of this series not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Securities of this series and portions of Securities of this series in amounts of $2,000 or whole multiples of $1,000. In the case of a partial redemption of Securities registered in the name of Cede & Co, the Securities to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any

manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; *provided*, *however*, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and *provided*, *further*, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and *provided*, *further*, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in the Indenture and subject to certain limitations therein set forth, this Security or any portion of the principal amount hereof will be deemed to have been paid for all purposes of the Indenture and to be no longer Outstanding thereunder, and, at the election of the Company, the Company's entire indebtedness in respect thereof will be satisfied and discharged, if there has been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust, money in an amount which will be sufficient and/or Eligible Obligations, the principal of and interest on which when due, without regard to any reinvestment thereof, will provide moneys which, together with moneys so deposited, will be sufficient to pay when due the principal of and interest on this Security when due.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the Corporate Trust Office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only as registered Securities, without coupons, and in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are

exchangeable for a like aggregate principal amount of Securities of the same series and Tranche, of any authorized denominations, as requested by the Holder surrendering the same, and of like tenor upon surrender of the Security or Securities to be exchanged at the office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the absolute owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities are not entitled to the benefit of any sinking fund.

As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business, including dealings in deposits in U.S. dollars, in New York, New York. All other terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, member, manager, stockholder, officer, director or employee, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

Attest: ______________________

Vincent A. Mercaldi

Secretary

By: ______________________

Kristie L. Colvin
Senior Vice President and Chief Accounting Officer

(SEAL)

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: _____________, 2019

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: ______________________

SCHEDULE A

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is $500,000,000. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

Aggregate Principal
Amount of Securities

Date of Adjustment	Decrease in Aggregate Principal Amount of Securities	Increase in Aggregate Principal Amount of Securities	Remaining After Such Decrease or Increase	Notation by Security Registrar

THIS SECURITY IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to CenterPoint Energy Houston Electric, LLC or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

4.25% General Mortgage Bonds, Series AC, due 2049

Original Interest Accrual Date: January 15, 2019
Stated Maturity: February 1, 2049
Interest Rate: 4.25%
Interest Payment Dates: February 1 and August 1
Regular Record Dates: January 15 and July 15 immediately preceding the respective Interest Payment Date

Redeemable: Yes [X] No [ ]
Redemption Date: At any time.
Redemption Price: on any date prior to August 1, 2048 at a price equal to the greater of (i) 100% of the principal amount of this Security or the portion hereof to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security or the portion thereof to be redeemed that would be due if this Security matured on August 1, 2048 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest to the Redemption Date on the principal amount being redeemed; or on or after August 1, 2048, at a price equal to 100% of the principal amount of this Security or the portion thereof to be redeemed plus accrued and unpaid interest to the Redemption Date on the principal amount being redeemed.

This Security is not an Original Issue Discount Security within the meaning of the within-mentioned Indenture.

Principal Amount Registered No. T-2

$200,000,000* CUSIP 15189X AT5

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, a limited liability company duly organized and existing under the laws of the State of Texas (herein called the "Company," which term includes any successor under the Indenture referred to below), for value received, hereby promises to pay to

CEDE & Co.

*Reference is made to Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced hereby.

, or its registered assigns, the principal sum of TWO HUNDRED MILLION DOLLARS, on the Stated Maturity specified above, and to pay interest thereon from the Original Interest Accrual Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on the Interest Payment Dates specified above in each year, commencing on August 1, 2019, and at Maturity, at the Interest Rate per annum specified above, until the principal hereof is paid or duly provided for. The interest so payable, and paid or duly provided for, on any Interest Payment Date shall, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date specified above (whether or not a Business Day) next preceding such Interest Payment Date. Notwithstanding the foregoing, interest payable at Maturity shall be paid to the Person to whom principal shall be paid. Except as otherwise provided in said Indenture, any such interest not so paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice of which shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of and premium, if any, on this Security and interest hereon at Maturity shall be made upon presentation of this Security at the office of the Corporate Trust Administration of The Bank of New York Mellon Trust Company, National Association, located in New York, New York or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of interest on this Security (other than interest at Maturity) shall be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register, except that if such Person shall be a securities depositary, such payment may be made by such other means in lieu of check, as shall be agreed upon by the Company, the Trustee and such Person. Payment of the principal of and premium, if any, and interest on this Security, as aforesaid, shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and issuable in one or more series under and equally secured by a General Mortgage Indenture, dated as of October 10, 2002, as supplemented and amended (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association (successor in trust to JPMorgan Chase Bank), trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Security shall be deemed to

constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Security is one of the series designated above.

If any Interest Payment Date, any Redemption Date or the Stated Maturity shall not be a Business Day (as hereinafter defined), payment of the amounts due on this Security on such date may be made on the next succeeding Business Day; and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on such amounts for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

This Security is subject to redemption, at the option of the Company, at any time or from time to time, in whole or in part, on any date prior to August 1, 2048 at a price equal to the greater of (i) 100% of the principal amount of this Security (or the portion hereof to be redeemed) or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Security (or such portion to be redeemed) that would be due if this Security (or such portion to be redeemed) matured on August 1, 2048 but for the redemption (not including any portion of such payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 20 basis points; plus, in each case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date. On or after August 1, 2048, the Company may redeem this Security, at any time or from time to time, in whole or in part, by paying 100% of the principal amount of this Security (or such portion to be redeemed) plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the Redemption Date. The Trustee shall have no responsibility for the calculation of such amount.

"Treasury Rate" means, with respect to any Redemption Date the yield calculated on the third business day preceding the Redemption Date, as follows: for the latest day that appears in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor publication) ("H.15") under the caption "Treasury Constant Maturities - Nominal", the independent investment banker shall select two yields – one for the maturity immediately before and one for the maturity immediately after the remaining maturity of the notes (assuming the notes matured on August 1, 2048) – and shall interpolate on a straight-line basis using such yields; if there is no such maturity either before or after, the independent investment banker shall select the maturity closest to August 1, 2048 that appears on the release; or if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated by the Independent Investment Banker using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated by the Independent Investment Banker on the third Business Day preceding the Redemption Date.

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term ("remaining life") of this Security to be redeemed (assuming for this purpose that

this Security matured on August 1, 2048) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Security.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of Mizuho Securities USA LLC, PNC Capital Markets LLC, Regions Securities LLC, TD Securities (USA) LLC or U.S. Bancorp Investments, Inc., as specified by the Company, or if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company.

"Reference Treasury Dealer" means each of (1) Mizuho Securities USA LLC, TD Securities (USA) LLC and a primary U.S. government securities dealer in the United States of America (a "Primary Treasury Dealer") designated by each of PNC Capital Markets LLC, Regions Securities LLC and U.S. Bancorp Investments, Inc. and their respective successors; *provided*, *however*, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Company after consultation with the Independent Investment Banker.

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

The Trustee, at the written direction of the Company, will send a notice of redemption to each Holder of Securities to be redeemed by first-class mail (or in accordance with the procedures of The Depository Trust Company with respect to Securities registered in the name of Cede & Co.) at least 15 and not more than 60 days prior to the date fixed for redemption. Unless the Company defaults on payment of the redemption price, interest will cease to accrue on the Securities or portions thereof called for redemption on the Redemption Date. If fewer than all of the Securities of this series are to be redeemed, not more than 60 days prior to the Redemption Date, the particular Securities of this series or portions thereof for redemption will be selected from the outstanding Securities of this series not previously called by such method as the Trustee deems fair and appropriate. The Trustee may select for redemption Securities of this series and portions of Securities of this series in amounts of $2,000 or whole multiples of $1,000. In the case of a partial redemption of Securities registered in the name of Cede & Co, the Securities to be redeemed will be determined in accordance with the procedures of The Depository Trust Company.

The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any

manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; *provided*, *however*, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and *provided*, *further*, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and *provided*, *further*, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in the Indenture and subject to certain limitations therein set forth, this Security or any portion of the principal amount hereof will be deemed to have been paid for all purposes of the Indenture and to be no longer Outstanding thereunder, and, at the election of the Company, the Company's entire indebtedness in respect thereof will be satisfied and discharged, if there has been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust, money in an amount which will be sufficient and/or Eligible Obligations, the principal of and interest on which when due, without regard to any reinvestment thereof, will provide moneys which, together with moneys so deposited, will be sufficient to pay when due the principal of and interest on this Security when due.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the Corporate Trust Office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only as registered Securities, without coupons, and in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are

exchangeable for a like aggregate principal amount of Securities of the same series and Tranche, of any authorized denominations, as requested by the Holder surrendering the same, and of like tenor upon surrender of the Security or Securities to be exchanged at the office of The Bank of New York Mellon Trust Company, National Association in New York, New York, or such other office or agency as may be designated by the Company from time to time.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the absolute owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities are not entitled to the benefit of any sinking fund.

As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business, including dealings in deposits in U.S. dollars, in New York, New York. All other terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, member, manager, stockholder, officer, director or employee, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

Attest: ______________________________

Vincent A. Mercaldi

By: ______________________________

Kristie L. Colvin
Senior Vice President and Chief Accounting Officer

Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Date of Authentication: ____________, 2019

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: ______________________________

SCHEDULE A

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is $200,000,000. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

Date of Adjustment	Decrease in Aggregate Principal Amount of Securities	Increase in Aggregate Principal Amount of Securities	Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase	Notation by Security Registrar

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Section 3: EX-10.(H) (EXHIBIT 10.(H))

Exhibit 10(h)

CenterPoint Energy, Inc.
Summary of Certain Compensation Arrangements
of the Executive Chairman of the Board

The following is a summary of certain compensation arrangements payable to Milton Carroll, the Executive Chairman of the Board of Directors (the "Board") of CenterPoint Energy, Inc. (the "Company"):

- Mr. Carroll's annual base salary is increased from $710,000 to $760,000 effective as of April 1, 2019 and continuing thereafter until the termination of Mr. Carroll's service as Executive Chairman of the Board or as otherwise modified by the Board; and

- Mr. Carroll's long-term incentive compensation target is increased from a target equal to 300% of base salary to a target equal to 325% of base salary.

Mr. Carroll was not granted any additional awards of restricted stock units in 2019, other than in connection with his long-term incentive award noted above.

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Section 4: EX-10.(M) (EXHIBIT 10.(M))

Exhibit 10(m)

CENTERPOINT ENERGY, INC.
SHORT TERM INCENTIVE PLAN

(As Amended and Restated Effective January 1, 2019)

RECITALS

Effective for Plan Years beginning on or after January 1, 2019, the Board of Directors of CenterPoint Energy, Inc. (the "Company") has adopted the CenterPoint Energy, Inc. Short Term Incentive Plan (As Amended and Restated Effective January 1, 2019) (the "Plan") on the terms and conditions hereinafter stated. The Plan, as set forth herein, amends and restates, in its entirety the CenterPoint Energy, Inc. Short Term Incentive Plan (As Amended and Restated Effective January 1, 2003) (the "Prior Plan").

There shall be no termination and no gap or lapse in time or effect between the Prior Plan and this Plan. The amendment, restatement and continuation of the Prior Plan in the form of this Plan shall not operate to exclude, diminish, limit or restrict the payments or continuation of payments of benefits to Participants under the terms of the Prior Plan as in effect prior to its amendment, restatement and continuation in the form of this Plan. Except to the extent otherwise required to reflect the fact that benefits accrued under the Prior Plan are continued under this Plan, the provisions of this Plan shall apply only to an employee eligible to participate under this Plan on or after January 1, 2019.

NOW, THEREFORE, effective for Plan Years beginning on or after January 1, 2019, the Company hereby amends and restates in its entirety and continues the Prior Plan as follows:

1. ***Purpose***: The purpose of the Plan is to encourage a high level of corporate performance through the establishment of predetermined corporate, Subsidiary or business unit and/or individual goals, the attainment of which will require a high degree of competence and diligence on the part of those Employees (including officers) of the Company or of its participating Subsidiaries selected to participate in the Plan, and which will be beneficial to the owners and customers of the Company.

2. ***Definitions***: Unless the context otherwise clearly requires, the following definitions are applicable to the Plan:

Award: An incentive compensation award generally payable in cash granted to a Participant with respect to a particular Plan Year pursuant to any applicable terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

Board of Directors or **Board**: The Board of Directors of the Company.

Code: The Internal Revenue.Code of 1986, as amended from time to time.

Committee: The Compensation Committee of the Board of Directors.

Company: CenterPoint Energy, Inc. or any successor thereto.

Compensation: Compensation or eligible earnings during the year means the actual base salary paid to a salaried exempt Participant during the Plan Year, including vacation, holiday and sick time. Eligible earnings exclude all special payments, bonuses, allowances., reimbursements, and payments in lieu of overtime. Compensation or eligible earnings during the year means the actual gross wages paid to an hourly or salaried non-exempt Participant during the Plan Year, including vacation, holiday and sick time. Eligible earnings exclude all special payments, bonuses, allowances, reimbursements, but include overtime pay in a manner consistent with the requirements of applicable labor law. Notwithstanding the foregoing, any Participant covered by the terms of a collective bargaining agreement shall have his Compensation calculated in the manner consistent with the collective bargaining agreement, if applicable.

Employee: An employee of the Company or any of its Subsidiaries who is a regular full or part-time employee and who regularly works at least 20 hours per week.

Employer: The Company and each Subsidiary which is designated by the Committee as an Employer under this Plan.

Participant: An Employee who is selected to participate in the Plan.

Payment Date: The date an Award shall be paid as provided in Section 8(b) of the Plan.

Performance Goals: The performance objectives of the Company, its Subsidiaries or its business units and/or individual Participants established for the purpose of determining the level of Awards, if any, earned during a Plan Year.

Plan: This CenterPoint Energy, Inc. Short Term Incentive Plan, as amended from time to time.

Plan Year: The calendar year.

Retirement Date: A Participant's date of termination of employment with his Employer (and all other Employers and affiliates of the Company) that is on or after the date on which he has (i) attained age 55 and (ii) completed five years of "Vesting Service" (as defined in the Retirement Plan).

Retirement Plan: CenterPoint Energy Retirement Plan, as amended and restated effective January 1, 2016, and as thereafter amended.

Subsidiary: A subsidiary corporation with respect to the Company as defined in Section 424(f) of the Code.

A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

3. ***Participation***: The Committee (or its appropriately designated delegate) shall select the Employees who will be Participants for each Plan Year. No Employee shall at any time have the right (a) to be selected as a Participant in the Plan for any Plan Year, (b) if so selected, to be entitled to an Award, or (c) if selected as a Participant in one Plan Year, to be selected as a Participant in any subsequent Plan Year. The terms and conditions under which a Participant may participate in the Plan shall be determined by the Committee (or its appropriately designated delegate) in its sole discretion.

4. ***Eligibility***: Except as provided below, only Participants who (x) are Employees on the last business day prior to October 1 of the Plan Year and (y) are continuously Employees from such date through the Payment Date are eligible for the payment of an Award under the Plan. Employees covered by a collective bargaining agreement providing for participation in this Plan are eligible for payments under this Plan only to the extent of the specific terms contained in the applicable collective bargaining agreement. Employees covered by a collective bargaining agreement that does not specifically provide for their participation in this Plan are not eligible for any payments under this Plan under any circumstances notwithstanding the following.

(a) *Retirement, Death or Disability During the Plan Year:*

(i) *Retirement*: If a Participant (A) was an Employee on January 2 of the Plan Year and (B) terminates during the Plan Year on his Retirement Date, then the Participant shall nonetheless receive a payment of the Award the Participant would have received had the Performance Goals with respect to the Participant's Award been met at the target level, without regard to the Participant's individual performance, based on his Compensation earned prior to the Participant's Retirement Date. Payments under this clause (i) shall be made as soon as practicable following the Participant's Retirement Date, but no later than 30 days after the Retirement Date.

(ii) *Death or Disability:* If, during the Plan Year, a Participant dies or terminates employment under circumstances establishing eligibility for disability benefits under the Company's long-term disability plan, then the Participant shall nonetheless receive payment of the Award the Participant would have received had the Performance Goals with respect to the Participant's Award been met at the target level, without regard to the Participant's individual performance, based on his Compensation earned prior to the Participant's death or disability. Payments under this clause (ii) shall be made as soon as practicable following the date of the Participant's death or disability, but no later than 30 days after the date of the Participant's death or disability.

(b) *Retirement, Death or Disability After Last Day of the Plan Year:*

(i) *Retirement*: If a Participant would be eligible for the payment of an Award under the prior provisions of this Section 4 except that, after the last day of the Plan Year and before the Payment Date, the Participant terminates employment on his Retirement Date, then the Participant shall nonetheless receive a payment of the Award (if any) based on the Committee's determination of actual achievement of the Performance Goals with respect to the Participant's Award, the Participant's individual performance during the Plan Year, and his Compensation earned during the Plan Year. Payments under this clause (i) shall be made as provided in Section 8 (b).

(ii) *Death or Disability:* If a Participant would be eligible for the payment of an Award under the prior provisions of this Section 4 except that, after the last day of the Plan Year and before the Payment Date, the Participant dies or terminates employment under circumstances establishing eligibility for disability benefits under the Company's long-term disability plan, then the Participant shall nonetheless receive payment of the Award (if any) based on the Committee's determination of actual achievement of the Performance Goals with respect to the Participant's Award, without regard to the Participant's individual performance, and his Compensation earned during the Plan Year. Payments under this clause (ii) shall be made as provided in Section 8(b).

5. ***Plan Administration**:* The Plan shall be administered by the Committee. All decisions of the Committee shall be binding and conclusive on the Participants. The Committee, on behalf of the Participants, shall enforce this Plan in accordance with its terms and shall have all powers necessary for the accomplishment of that purpose, including, but not by way of limitation, the following powers:

(a) To select the Participants;

(b) To interpret, construe, approve and adjust all terms, provisions, conditions and limitations of this Plan;

(c) To decide any questions arising as to the interpretation or application of any provision of the Plan;

(d) To prescribe forms and procedures to be followed by Employees for participation in the Plan, or for other occurrences in the administration of the Plan;

(e) To establish the terms and conditions of any Agreement under which an Award may be earned and paid; and

(f) In addition to all other powers granted herein, the Committee shall make and enforce such rules and regulations for the administration of the Plan as are not inconsistent with the terms set forth herein.

No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Section 5 of this Plan shall be liable for anything done or omitted to be done by him, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his own willful misconduct or as expressly provided by statute.

6. ***Delegation of Authority***: The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under this Plan (including, but not limited to, its authority to select Participants) pursuant to such conditions or limitations as the Committee may establish.

7. ***Awards***: The Committee shall determine the terms and conditions of Awards to be made under this Plan and shall designate from time to time the individuals who are to be the recipients of Awards. Awards may also be made in combination or in tandem with, in replacement of, or as alternative to, grants or rights under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. An Award may provide for the grant or issuance of additional, replacement or alternative Awards upon the occurrence of specified events. All or part of an Award may be subject to conditions established by the Committee, which may include, but are not limited to, continuous service with the Company and its Subsidiaries and achievement of Performance Goals, such as specific individual and/or business objectives, increases in specified indices, attainment of specified growth rates and other comparable measurements of performance. Unless specified otherwise by the Committee, the amount payable pursuant to an Award shall be based on a percentage of the Participant's Compensation.

8. ***Payment of Awards***: The Committee has sole and absolute authority and discretion to determine whether an Award shall be paid under this Plan and if so such payment will be made in accordance with the following:

(a) ***Form of Payment:*** Generally, payment of Awards shall be made in cash and may be subject to such restrictions as the Committee shall determine.

(b) ***Date of Payment:*** Except as provided in Section 4(a), payment of any Awards for a Plan Year ("Award Plan Year") shall be made as soon as practicable after the close of the Award Plan Year (as determined by the Committee), but in no event later than March 15th of the Plan Year immediately following the close of the Award Plan Year ("Payment Date").

9. ***Assignability***: Unless otherwise determined by the Committee and provided in the Agreement, no Award or any other benefit under this Plan shall be assignable or otherwise

transferable, except by will or the laws of descent and distribution. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Section 9 shall be null and void.

10. ***Tax Withholding***: The Company shall have the right to withhold applicable taxes from any Award payment and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes.

11. ***Finality of Determinations***: Any determination by the Committee in carrying out or administering this Plan shall be final and binding for all purposes and upon all interested persons and their heirs, successors, and personal representatives.

12. ***Employee Rights Under the Plan***: No Employee or other person shall have any claim or right to be granted an Award under this Plan. Neither the Plan nor any action taken thereunder shall be construed as giving an Employee any right to be retained in the employ of the Company or an Employer. No Participant shall have any lien on any assets of the Company or an Employer by reason of any Award made under this Plan.

13. ***Amendment, Modification, Suspension or Termination***: The Board may amend, modify, suspend or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the stockholders of the Company; however clause (ii) shall only apply if, and to the extent, such approval is required by applicable legal requirements.

14. ***Governing Law***: This Plan and all determinations made, and actions taken pursuant hereto, shall be governed by and construed in accordance with the laws of the State of Texas.

15. ***Exclusion from Section 409A***: This Plan is intended to provide "short-term deferrals" as described in Treasury Regulation § 1.409A-1(b)(4) under Section 409A of the Code (or successor guidance thereto), and not to be a "nonqualified deferred compensation plan" for purposes of Section 409A of the Code. The Plan shall be administrated and interpreted consistent with that intent.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, CenterPoint Energy, Inc. has executed these presents as evidenced by the signature of its duly authorized officer, which may be sufficiently evidenced by any such executed copy hereof, this 17th day of December, 2018, but effective as set forth above.

CENTERPOINT ENERGY, INC.

By: /s/ Scott M. Prochazka
Scott M. Prochazka
President and Chief Executive Officer

ATTEST:

/s/ Vincent A. Mercaldi
Vincent A. Mercaldi
Assistant Corporate Secretary

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Section 5: EX-10.(R) (EXHIBIT 10.(R))

Exhibit 10(r)

CenterPoint Energy, Inc.

Summary of Non-Employee Director Compensation