

Control Number: 49421



Item Number: 624

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-3864 PUC DOCKET NO. 49421

APPLICATION OF CENTERPOINT§BEFORE THE STATE OFFICEENERGY HOUSTON ELECTRIC, LLC§OFFOR AUTHORITY TO CHANGE RATES§ADMINISTRATIVE HEARINGS

REBUTTAL TESTIMONY WORKPAPERS

OF

ELLEN LAPSON

ON BEHALF OF

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

June 20, 2019

CenterPoint Energy Houston Electric, LLC	Work Paper EL
Transmission and Distribution Utility	55-45 10 ROE
(For the Year Ended or As of December 31, Dollars in Millions)	FITCH

DEBT: Balance Sheet Debt 5,284.0 5,342.5 5,554.0 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Debt (GAAP) 4,288.0 4,527.9 4,908.4 Plus: Less Adjusted Debt (Fitch) - - - Adjusted Debt (Fitch) 4,288.0 4,527.9 4,908.4 Income Statement Interest 202.3 206.1 218.5 Less: Securitization Interest (Cash and Non-Cash) (20.0) (20.1) (13.4) Adjusted Interest Expense (Grach) 174.4 185.2 205.2 Plus: Capitalized Interest (Cash and Non-Cash) 2.0 (20.8) (21.3) Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 Plus: Capitalized Interest (After Tax) - - - Adjusted FPO 882.0 945.8 997.8 Less: Securitization Regulatory Asset) Amortization (Pre Tax) (0.5) (0.4) (0.2) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5.6) (5.6) (5.6) (5.6) (5.6	Fitch Ratios	2020	2021	2022
Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Deti (GAAP) 4.288.0 4.527.9 4.908.4 Plus: Less Adjustment - - - Adjusted Deti (Fitch) 4.288.0 4.527.9 4.908.4 INTEREST EXPENSE: 202.3 206.1 218.5 Less: Securitization Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Income Statement Interest (Cash and Non-Cash) - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 Plus: Capitalized Interest Apprense (Fitch) 181.4 194.0 213.4 EUNAS FROM OPERATIONS: (175.9) (181.2) (169.1) Less: Securitization Amorization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Less: Capitalized Interest (After Tax) (5.6) (5.9) (65.5) (64.5) Plus: Rental Payments - - - - -	DEBT:			
Adjusted Debt (GAAP) 4,288.0 4,527.9 4,908.4 Plus: Lesse Adjustment - - - Adjusted Debt (Fitch) 4,288.0 4,527.9 4,908.4 INTERST EXPENSE: - - - Income Statement Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest Expense (GAAP) 7.1 8.7 8.2 Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: - - - - Unadjusted FFO 882.0 945.8 997.8 Less: Securitization Moreization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted From Operations - - - - Less: Securitization Moreization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted From Operations (Fitch) 700.0 757.3 822.0 Total Capitalization Operations (Fitch) 7,822.0 8	Balance Sheet Debt	5,284.0	5,342.5	5,554.0
Plus: Lesse Adjustment -	Less: Securitization Debt	(995.9)	(814.7)	
Adjusted Debt (Fitch) 4,288.0 4,527.9 4,908.4 INTEREST EXPENSE: 202.3 206.1 218.5 Less: Securitization Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: - - - Unadjusted FPO 882.0 945.8 997.8 Less: Securitization Regulatory Asset) Amortization (Pre Tax) (175.9) (18.1.2) (16.9) Less: Securitization Regulatory Asset) Amortization (Pre Tax) (0.5) (0.4) (0.2) Adjusted FMO Derations - - - - Iters: Securitization Regulatory Asset) Amortization (Pre Tax) (0.5) (0.4) (0.2) Adjusted FMO Derations (Fitch) 700.0 757.3 822.0 Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: - - - - - Balance Sheet	Adjusted Debt (GAAP)	4,288.0	4,527.9	4,908.4
INTEREST EXPENSE: Income Statement Interest 202.3 206.1 218.5 Less: Securitization Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest 7.1 8.7 8.2 Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: Unadjusted FPO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (0.5) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) 705.6 764.2 822.5 Less: Securitization Noperations - - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 OTAL CAPITALIZATION: Ess: Securitization OEbt (995.9) (814.7) (645.6) Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 Pus: Lease Payments - <td>Plus: Lease Adjustment</td> <td>-</td> <td></td> <td>-</td>	Plus: Lease Adjustment	-		-
Income Statement Interest 202.3 206.1 218.5 Less: Securitization Interest (Cash and Non-Cash) (28.0) (20.3) (20.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest 7.1 8.7 8.2 Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: - - - Unadjusted FFO 882.0 945.8 997.8 Less: Securitization on Operations of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations (Fitch) 705.6 764.2 828.5 Less: Securitization moperations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization (GAAP) - - - Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted EBITDA (1,196.1 <t< td=""><td>Adjusted Debt (Fitch)</td><td>4,288.0</td><td>4,527.9</td><td>4,908.4</td></t<>	Adjusted Debt (Fitch)	4,288.0	4,527.9	4,908.4
Less: Securitization Interest (Cash and Non-Cash) (28.0) (20.8) (13.4) Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest 7.1 8.7 8.2 Plus: Capitalized Interest 7.1 8.7 8.2 Pub: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: Unadjusted FFO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations Less: Capitalized Interest (After Tax) (5.6) (6.6) (6.5) Plus: Rental Payments - - - - - Adjusted Total Capitalization 8,817.9 9,036.4 9,496.7 1 Less: Securitization Debt (995.9) (814.7) (645.6) 1 Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lesse Paymen	INTEREST EXPENSE:			
Adjusted Interest Expense (GAAP) 174.4 185.2 205.2 Plus: Capitalized Interest 7.1 8.7 8.2 Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: 181.4 194.0 213.4 Unadjusted FFO Ess: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted FMO Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted FMO Less: Scauritization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted FMO Less: Scauritization Operations (5.6) (6.5) (6.5) (6.5) Pus: Rental Payments -	Income Statement Interest	202.3	206.1	218.5
Plus: Capitalized interest 7.1 8.7 8.2 Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: 181.4 194.0 213.4 FUNDS FROM OPERATIONS: (175.9) (181.2) (169.1) Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 822.8 822.0 Less: Securitization Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: - - - Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 Plus: Gass Ren	Less: Securitization Interest (Cash and Non-Cash)	(28.0)	(20.8)	(13.4)
Plus: Rental Payments - - - Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: - - - Unadjusted FFO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Inte	Adjusted Interest Expense (GAAP)	174.4	185.2	205.2
Adjusted Interest Expense (Fitch) 181.4 194.0 213.4 FUNDS FROM OPERATIONS: Unadjusted FFO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 82.0 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Fotal Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6)	Plus: Capitalized Interest	7.1	8.7	8.2
FUNDS FROM OPERATIONS: Unadjusted FFO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Less: Securitization EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (14.5) (7.7) (2.6) Plus: Gross Rental Expense - -<	Plus: Rental Payments	-	-	-
Unadjusted FFO 882.0 945.8 997.8 Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 <td< td=""><td>Adjusted Interest Expense (Fitch)</td><td>181.4</td><td>194.0</td><td>213.4</td></td<>	Adjusted Interest Expense (Fitch)	181.4	194.0	213.4
Less: Securitization (Regulatory Asset) Amortization (Pre Tax) (175.9) (181.2) (169.1) Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (195.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7)	FUNDS FROM OPERATIONS:			
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax) (0.5) (0.4) (0.2) Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: - - - - Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: - - - - - Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 - - <t< td=""><td>Unadjusted FFO</td><td>882.0</td><td>945.8</td><td>997.8</td></t<>	Unadjusted FFO	882.0	945.8	997.8
Adjusted Funds from Operations 705.6 764.2 828.5 Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense -	Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(175.9)	(181.2)	(169.1)
Less: Capitalized Interest (After Tax) (5.6) (6.9) (6.5) Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Pus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Unadjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBIT 603.8 645.9 692.1 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - <td< td=""><td>Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)</td><td>(0.5)</td><td>(0.4)</td><td>(0.2)</td></td<>	Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(0.5)	(0.4)	(0.2)
Plus: Rental Payments - - - Adjusted Funds from Operations (Fitch) 700.0 757.3 822.0 TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Unadjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6)	Adjusted Funds from Operations	705.6	764.2	828.5
Plus: Rental Payments -	Less: Capitalized Interest (After Tax)	(5.6)	(6.9)	(6.5)
TOTAL CAPITALIZATION: Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: - - - - Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - </td <td></td> <td>-</td> <td>-</td> <td>-</td>		-	-	-
Balance Sheet Total Capitalization 8,817.9 9,036.4 9,496.7 Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Unadjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) <t< td=""><td>Adjusted Funds from Operations (Fitch)</td><td>700.0</td><td>757.3</td><td>822.0</td></t<>	Adjusted Funds from Operations (Fitch)	700.0	757.3	822.0
Less: Securitization Debt (995.9) (814.7) (645.6) Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 7,822.0 8,221.8 8,851.1 Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: 003.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense -	TOTAL CAPITALIZATION:			
Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 7,822.0 8,221.8 8,851.1 Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: 003.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7		8,817.9	9,036.4	9,496.7
Adjusted Total Capitalization (GAAP) 7,822.0 8,221.8 8,851.1 Plus: Lease Payments - - - Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 7,822.0 8,221.8 8,851.1 Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: 003.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Oradjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7	Less: Securitization Debt	(995.9)	(814.7)	(645.6)
Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Unadjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Unadjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) <t< td=""><td>Adjusted Total Capitalization (GAAP)</td><td></td><td></td><td></td></t<>	Adjusted Total Capitalization (GAAP)			
Adjusted Total Capitalization (Fitch) 7,822.0 8,221.8 8,851.1 EBITDA: 1,196.1 1,268.6 1,332.0 Unadjusted EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Unadjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) <t< td=""><td>Plus: Lease Payments</td><td>-</td><td>-</td><td>-</td></t<>	Plus: Lease Payments	-	-	-
Unadjusted EBITDA 1,196.1 1,268.6 1,332.0 Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -		7,822.0	8,221.8	8,851.1
Less: Securitization EBITDA (203.9) (202.1) (182.4) Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	EBITDA:			
Adjusted EBITDA 992.2 1,066.5 1,149.6 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: 0 977.7 1,058.7 1,147.0 Less: Securitization EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	Unadjusted EBITDA	1,196.1	1,268.6	1,332.0
Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - - Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	Less: Securitization EBITDA	(203.9)	(202.1)	(182.4)
Plus: Gross Rental Expense -	Adjusted EBITDA	992.2	1,066.5	1,149.6
Adjusted EBITDA (Fitch) 977.7 1,058.7 1,147.0 EBIT: 000000000000000000000000000000000000	Less: Interest Income (intercompany)	(14.5)	(7.7)	(2.6)
EBIT: Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	Plus: Gross Rental Expense	-	-	-
Unadjusted EBIT 603.8 645.9 692.1 Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	Adjusted EBITDA (Fitch)	977.7	1,058.7	1,147.0
Less: Securitization EBIT (28.0) (20.8) (13.4) Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	EBIT:			
Adjusted EBIT 575.8 625.0 678.7 Less: Interest Income (intercompany) (14.5) (7.7) (2.6) Plus: Gross Rental Expense - - -	Unadjusted EBIT	603.8	645.9	692.1
Less: Interest Income (intercompany)(14.5)(7.7)(2.6)Plus: Gross Rental Expense	Less: Securitization EBIT	(28.0)	(20.8)	(13.4)
Plus: Gross Rental Expense	Adjusted EBIT	575.8	625.0	678.7
	Less: Interest Income (intercompany)	(14.5)	(7.7)	(2.6)
Adjusted EBIT (Fitch) 561.4 617.3 676.1	Plus: Gross Rental Expense	-	-	-
	Adjusted EBIT (Fitch)	561.4	617.3	676.1

CenterPoint Energy Houston Electric, LLC

Transmission and Distribution Utility

(For the Year Ended or As of December 31, Dollars in Millions)

Moody's Ratios	2020	2021	2022
DEBT:			
Balance Sheet Debt	5,284.0	5,342.5	5,554.0
Less: Securitization Debt	(995.9)	(814.7)	(645.6)
Adjusted Debt (GAAP)	4,288.0	4,527.9	4,908.4
Plus: Postretirement Underfunded Amount (Pre Tax)	64.5	58.1	51.4
Plus: Operating Leases	-	-	-
Plus: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	68.0	68.0	68.0
Adjusted Debt (Moody's) (excluding Securitization)	4,420.5	4,653.9	5,027.8
Plus: Securitization Debt	995.9	814.7	645.6
Adjusted Debt (Moody's) (including Securitization)	5,416.4	5,468.6	5,673.4
INTEREST EXPENSE:			
Income Statement Interest	202.3	206.1	218.5
Less: Securitization Interest (Cash and Non-Cash)	(28.0)	(20.8)	(13.4)
Adjusted Interest Expense (GAAP)	174.4	185.2	205.2
Plus: Interest on Postretirement Underfunded Amount	2.3	2.0	1.8
Plus: Operating Leases	-	-	-
Adjusted Interest Expense (Moody's) (excluding Securitization)	176.6	187.3	207.0
Plus: Securitization Interest (Cash and Non-Cash)	28.0	20.8	13.4
Adjusted Interest Expense (Moody's) (including Securitization)	204.6	208.1	220.3
Adjusted Interest Expense (Moody's) (excluding Securitization)	176.6	187.3	207.0
Adjusted Interest Expense (Moody's) (including Securitization)	204.6	208.1	220.3
FUNDS FROM OPERATIONS:			
Unadjusted FFO	882.0	945.8	997.8
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(175.9)	(181.2)	(169.1)
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(0.5)	(0.4)	(0.2)
Adjusted Funds from Operations	705.6	764.2	828.5
Less: Post Retirement Contributions	(9.2)	(9.2)	(9.1)
Plus: Net Regulatory Assets/Liabilities	(15.4)	(52.2)	(59.6)
Plus: Other Assets	-	-	-
Plus: Other Liabilities	-	-	-
Plus: Other, net	-	-	-
Plus: Operating Leases	-	-	-
Plus: Postretirement Adjustment (1)	8.7	8.7	8.6
Adjusted Funds from Operations (Moody's) (excluding Securitization)	689.7	711.5	768.4
Plus: Securitization (Regulatory Asset) Amortization (Pre Tax)	175.9	181.2	169.1
Plus: Securitization Amortization of Deferred Financing Costs (Pre Tax)	0.5	0.4	0.2
Adjusted Funds from Operations (Moody's) (including Securitization)	866.1	893.1	937.7

Work Paper EL 55-45 10 ROE Moody's

TOTAL CAPITALIZATION:

Adjusted Debt (Moody's) (excluding Securitization)	4,420.5	4,653.9	5,027.8
Plus: Equity	3,534.0	3,693.9	3,942.7
Less: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	(68.0)	(68.0)	(68.0)
Plus: Deferred Taxes (Excl. EDIT included in Regulatory Liabilities)	892.4	827.1	772.9
Adjusted Total Capitalization (Moody's) (excluding Securitization)	8,778.9	9,106.9	9,675.4
Plus: Securitization Debt	995.9	814.7	645.6
Adjusted Total Capitalization (Moody's) (including Securitization)	9,774.8	9,921.6	10,321.0
EBITDA:			
Unadjusted EBITDA	1,196.1	1,268.6	1,332.0
Less: Securitization EBITDA	(203.9)	(202.1)	(182.4)
Adjusted EBITDA	992.2	1,066.5	1,149.6
Less: Interest Income (intercompany)	(14.5)	(7.7)	(2.6)
Adjusted EBITDA (Moody's) (excluding Securitization)	977.7	1,058.7	1,147.0
Plus: Securitization EBITDA	203.9	202.1	182.4
Adjusted EBITDA (Moody's) (including Securitization)	1,181.6	1,260.8	1,329.4

(1) Represents an add-back to reflect annual contributions at a level equal to annual service cost

CAPITAL EXPENDITURES: 1,027.9 1,177.9 978.8 Capital Expenditures Plus: Operating Lease Depreciation ---**Total Capital Expenditures** 1,027.9 1,177.9 978.8 EBITA: 473.6 401.5 439.8 Pre Tax Income 202.3 206.1 218.5 Plus: Interest Expense EBITA (GAAP) 603.8 645.9 692.1 Plus: Postretirement Adjustment 2.0 2.0 2.0 Plus: Operating Leases ---EBITA (Moody's) (including Securitization) 605.8 647.9 694.1 (28.0) (13.4) Less: Securitization Interest (Cash and Non-Cash) (20.8)680.7 EBITA (Moody's) (excluding Securitization) 577.8 627.0

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CenterPoint Energy Houston Electric, LLC - 55/45 10% ROE			ork Paper EL	40
Transmission and Distribution Utility (For the Year Ended or As of December 31, Dollars in Millions)		55 S8	-45 10 ROE .P	
	2020	2021	2022	
DEBT:				
Balance Sheet Debt	5,284.0	5,342.5	5,554.0	
Less: Securitization Debt	(995.9)	(814.7)	(645.6)	
Adjusted Debt (GAAP)	4,288.0	4,527.9	4,908.4	
Plus: Pension & Postretirement Underfunded Amount (After Tax)	42.5	39.9	37.5	
Plus. Asset Retirement Obligations (After Tax)	27.7	27.7	27.7	
Plus. Interest Accrued	81.4	86.4	92.1	
Plus: Unamortized Issuance Cost (Excluding Securitization)	13.7	12.2	10.9	
Adjusted Debt (S&P)	4,453.4	4,694.0	5,076.5	
INTEREST EXPENSE:		205.4	240 5	
Income Statement Interest	202.3	206.1	218.5	
Less. Securitization Interest (Cash and Non-Cash)	(28.0)	(20.8)	(13.4) 205.2	
Adjusted Interest Expense (GAAP)	174.4 7.0	185.2 8.7	8.2	
Plus [.] Capitalized Interest Plus: Interest on Pension & Postretirement Underfunded Amounts	2.6	2.4	2.3	
Plus: Asset Retirement Obligations	1.0	1.0	1.0	
Adjusted Interest Expense (S&P)	185.0	197.4	216 7	
EBITDA:				
Unadjusted EBITDA	1,190.8	1,266.6	1,336.0	-
Less: Securitization EBITDA	(203.9)	(202.1)	(182.4)	
Adjusted EBITDA	987.0	1,064.5	1,153.6	
Plus: Interest on Pension & Postretirement Underfunded Amounts	5.4	5.1	4.8	
Plus: Asset Retirement Obligations	1.0	10	1.0	
Adjusted EBITDA	993.4	1,070.6	1,159.3	
FUNDS FROM OPERATIONS:				
Adjusted EBITDA (S&P)	993.4	1,070.6	1,159.3	
Less: Adjusted Interest Expense, net (S&P)	(185.0)	(197.4)	(216.7)	
Less: Current Taxes	(122.0)	(126.5)	(124.3)	
Plus: Pension & Postretirement Adjustment	1.3 0.2	1.2 0.2	1.1 0.2	
Plus. Asset Retirement Obligations Adjusted Funds from Operations (S&P)	687.9	748.2	819.8	
OCF, FOCF & DCF:				
Operating Cash Flow	858.5	876.9	923.4	
Less: Securitization OCF	(176.4)	(181.6)	(169.3)	
Adjusted Operating Cash Flow	682.0	695.3	754.1	
Plus: Pension & Postretirement Adjustment	(2.3)	(2.2)	(2.1)	
Less: Capitalized Interest	(7.0)	(8.7)	(8.2)	
Plus' Asset Retirement Obligations	(0.8)	(0.8)	(0.8)	
Adjusted Operating Cash Flow (S&P)	671.9	683.6	743.0	
Less Capital Expenditures	(1,027.9)	(1,177.9)	(978.8)	
Plus. Capitalized Interest	7.0	<u> </u>	8.2 (227.6)	
Free Operating Cash Flow (S&P) Less: Dividends	(349.0) (176.5)	(485.6) (223.0)	(152.5)	
Less: Dividends Discretionary Operating Cash Flow (S&P)	(525.5)	(708.6)	(380.0)	
Discretionary Operating Cash riuw (oder)	(525.5)	(708.0)	(300.0)	

CenterPoint Energy Houston Electric, LLC - 55/45 10% ROE Transmission and Distribution Utility	_	55-4	rk Paper EL 45 10 ROE	CKET NO. 473-19-3864 PUC Docket No. 49421 TIEC03-13 5 of 10
(For the Year Ended or As of December 31, Dollars in Millions)		S&F	>	
	2020	2021	2022	
Core Ratios				
FFO / Total Debt	15.4%	15.9%	16.1%	
Total Debt / EBITDA	4.48	4.38	4.38	
Supplemental Ratios				
OCF / Total Debt	15.1%	14.6%	14.6%	
FOCF / Total Debt	-7.8%	-10.3%	-4.5%	
DCF / Total Debt	-11.8%	-15.1%	-7.5%	
EBITDA Interest Coverage	5.37	5.42	5.35	
FFO Interest Coverage	4.72	4.79	4.78	

CenterPoint Energy Houston Electric, LLC			/ork Paper El
Transmission and Distribution Utility			0-40 9.25 RO
(For the Year Ended or As of December 31, Dollars in Millions)		FI	ТСН
Scenario: 60% LT Debt, 40% Equity; ROE 9.25%			
Calculations based on Fitch Ratings methodology	2020	2021	2022
DEBT:			
Balance Sheet Debt	5,689.1	5,763.3	6,004.0
Less: Securitization Debt	(995.9)	(814.7)	(645.6)
Adjusted Debt (GAAP)	4,693.2	4,948.6	5,358.4
Plus: Lease Adjustment		-	-
Adjusted Debt (Fitch)	4,693.2	4,948.6	5,358.4
INTEREST EXPENSE:			
Income Statement Interest	220.6	225.0	238.8
Less: Securitization Interest (Cash and Non-Cash)	(28.0)	(20.8)	(13.4)
- Adjusted Interest Expense (GAAP)	192.6	204.2	225.5
Plus: Capitalized Interest	7.1	8.7	8.2
Plus: Rental Payments	-	-	-
- Adjusted Interest Expense (Fitch)	199.7	212.9	233.7
FUNDS FROM OPERATIONS:			
Unadjusted FFO	831.0	869.8	917.5
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(175.9)	(181.2)	(169.1)
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(0.5)	(0.4)	(0.2)
- Adjusted Funds from Operations	654.5	688.2	748.2
Less: Capitalized Interest (After Tax)	(5.6)	(6.9)	(6.5)
Plus: Rental Payments	-	-	-
- Adjusted Funds from Operations (Fitch)	648.9	681.3	741.7
TOTAL CAPITALIZATION:			
Balance Sheet Total Capitalization	8,817.9	9,036.4	9,498.8
Less: Securitization Debt	(995.9)	(814.7)	(645.6)
Adjusted Total Capitalization (GAAP)	7,822.0	8,221.7	8,853.2
Plus: Lease Payments	-	-	-
Adjusted Total Capitalization (Fitch)	7,822.0	8,221.7	8,853.2
EBITDA:			
Unadjusted EBITDA	1,172.1	1,224.6	1,286.0
Less: Securitization EBITDA	(203.9)	(202.1)	(182.4)
Adjusted EBITDA	968.2	1,022.5	1,103.6
Less: Interest Income (intercompany)	(14.5)	(7.7)	(2.6)

Transmission and Distribution Utility		60	-40 9.25 ROE	
(For the Year Ended or As of December 31, Dollars in Millions)		FI'	тсн	
Scenario: 60% LT Debt, 40% Equity; ROE 9.25%				
Calculations based on Fitch Ratings methodology	2020	2021	2022	
Plus: Gross Rental Expense	-	-	-	
 Adjusted EBITDA (Fitch)	953.7	1,014.7	1,101.0	
EBIT:				
Unadjusted EBIT	579.8	601.9	646.1	
Less: Securitization EBIT	(28.0)	(20.8)	(13.4)	
Adjusted EBIT	551.8	581.0	632.7	
Less: Interest Income (intercompany)	(14.5)	(7.7)	(2.6)	
Plus: Gross Rental Expense	-	-	-	
Adjusted EBIT (Fitch)	537.4	573.3	630.1	
Fitch Ratings (a)				<u>Fitch Benchmark</u>
FFO Interest Coverage	4.25	4.20	4.17	5x = Median A
-				4.5x=Median BBB
				3.5x = Median BB
Debt / EBITDA	4.92	4.88	4.87	3.75x= Median BBB
				4.75x = Median BB
Debt / FFO	5.53	5.53	5.49	5x = Median BBB
				6.5x = Median BB
 Debt as % of Total Capitalization	60.0%	60.2%	60.5%	n.a.
FFO / Debt	13.8%	13.8%	13.8%	n.a.
EBIT Interest Coverage	2.69	2.69	2.70	n.a.
EBITDA Interest Coverage	4.78	4.77	4.71	n.a.
Common Equity as % of Total Capitalization	40.0%	39.8%	39.5%	n.a.
% Internal Cash Generation [(FFO less Dividends) / Capital Expenditures]	78.3%	74.6%	91.3%	n.a.

(a) Ratios are computed by eliminating securitization debt and all related cash flows.

n.a. - There is no applicable Fitch benchmark.

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CenterPoint Energy Houston Electric, LLC	Work Paper EL			
Transmission and Distribution Utility	60-40 9 25 ROE			
(For the Year Ended or As of December 31, Dollars in Millions)	N	IOODY"S		
Scenario 60% LT Debt, 40% Equity, ROE 9 25%				
Moody's Ratios	2020	2021	2022	
DEBT:				
Balance Sheet Debt	5,689 1	5,763.3	6,004.0	
Less Securitization Debt	(995 9)	(814.7)	(645 6)	
Adjusted Debt (GAAP)	4,693.2	4,948 6	5,358 4	
Plus Postretirement Underfunded Amount (Pre Tax)	-	-	-	
Plus Operating Leases	4,693 2	4,948 6	5,358 4	
Plus CEHE GM Bonds issued as collateral for CNP Long-Term Debt				
Adjusted Debt (Moody's) (excluding Securitization)				
Plus Securitization Debt	220 6	225.0	238.8	
Adjusted Debt (Moody's) (including Securitization)	(28 0)	(20.8)	(13.4)	
	192 6	204.2	225 5	
INTEREST EXPENSE:	7.1	87	8 2	
Income Statement Interest		-	233 7	
Less Securitization Interest (Cash and Non-Cash)	199 7	212 9	255 /	
Adjusted Interest Expense (GAAP) Plus Interest on Postretirement Underfunded Amount				
Plus Operating Leases	831.0	869 8	917 5	
Adjusted Interest Expense (Moody's) (excluding Securitization)	(175.9)	(181 2)	(169 1)	
Plus Securitization Interest (Cash and Non-Cash)	(0 5)	(0.4)	(0.2)	
Adjusted Interest Expense (Moody's) (including Securitization)	654.5	688 2	748 2	
FUNDS FROM OPERATIONS:	8,817 9	9,036.4	9,498.8	
Unadjusted FFO	(995.9)	(814 7)	(645 6)	
Less Securitization (Regulatory Asset) Amortization (Pre Tax)	7,822.0	8,221 7	8,853 2	
Less Securitization Amortization of Deferred Financing Costs (Pre Tax)	-	<u> </u>	-	
Adjusted Funds from Operations	7,822 0	8,221 7	8,853 2	
Less Post Retirement Contributions				
Plus Net Regulatory Assets/Liabilities	4 4 7 9 4	4 224 6	4 206 0	
Plus Other Assets	1,172.1	1,224 6	1,286 0	
Plus Other Liabilities	<u>(203.9)</u> 968 2	(202 1) 1,022.5	(182 4) 1,103 6	
Plus Other, net Plus Operating Leases	(14.5)	1,022.3	(2 6)	
Plus Operating Leases Plus Postretirement Adjustment (1)	(14.5)	(77)	(20)	
Adjusted Funds from Operations (Moody's) (excluding Securitization)	953 7	1,014 7	1,101 0	
Plus Securitization (Regulatory Asset) Amortization (Pre Tax)	555 (1,0111	2,202 0	
Plus Securitization Amortization of Deferred Financing Costs (Pre Tax)				
Adjusted Funds from Operations (Moody's) (including Securitization)	579 8	601.9	646 1	
,	(28 0)	(20 8)	(13.4)	
TOTAL CAPITALIZATION:	551 8	581.0	632.7	
Adjusted Debt (Moody's) (excluding Securitization)	(14.5)	(77)	(26)	
Plus Equity	-	-	-	
Less CEHE GM Bonds issued as collateral for CNP Long-Term Debt	537 4	573 3	630 1	
Plus Deferred Taxes (Excl EDIT included in Regulatory Liabilities)				
Adjusted Total Capitalization (Moody's) (excluding Securitization)				
Plus Securitization Debt				
Adjusted Total Capitalization (Moody's) (including Securitization)	4 25	4 20	4 17	
	60 0%	60 2%	60 5 %	
EBITDA:	13 8%	13 8%	13 8%	
Unadjusted EBITDA	4 92	4 88	4 87	
Less Securitization EBITDA				
Adjusted EBITDA	2 69	2 69	2 70	
Less Interest Income (intercompany)	4 78	4 77	4.71	
Adjusted EBITDA (Moody's) (excluding Securitization)	5 53	5.53	5.49	
Plus Securitization EBITDA	40.0%	39 8%	39 5%	
Adjusted EBITDA (Moody's) (including Securitization)	78 3%	74 6%	91 3%	

(1) Represents an add-back to reflect annual contributions at a level equal to annual service cost

CAPITAL EXPENDITURES: Capital Expenditures

Plus Operating Lease Depreciation Total Capital Expenditures

EBITA: Pre Tax Income Plus Interest Expense EBITA (GAAP) Plus Postretirement Adjustment Plus Operating Leases EBITA (Moody's) (including Securitization) Less Securitization Interest (Cash and Non-Cash)

EBITA (Moody's) (excluding Securitization)

8

CenterPoint Energy Houston Electric, LLC - 55/45 10% ROE

Transmission and Distribution Utility

(For the Year Ended or As of December 31, Dollars in Millions)

0.027	2020	2021	2022
<u>DEBT:</u> Balance Sheet Debt	5,284.0	5,342.5	5,554.0
	•		
Less: Securitization Debt	(995.9)	(814.7)	<u>(645.6)</u> 4,908.4
Adjusted Debt (GAAP)	4,288.0	4,527.9	-
Plus. Pension & Postretirement Underfunded Amount (After Tax)	42.5	39.9	37 5
Plus. Asset Retirement Obligations (After Tax)	27.7	27.7	27.7
Plus. Interest Accrued	81.4	86.4	92.1
Plus: Unamortized Issuance Cost (Excluding Securitization)	13.7	12.2	10.9
Adjusted Debt (S&P)	4,453.4	4,694.0	5,076.5
INTEREST EXPENSE:			
Income Statement Interest	202.3	206.1	218.5
Less: Securitization Interest (Cash and Non-Cash)	(28.0)	(20.8)	(13.4)
Adjusted Interest Expense (GAAP)	174.4	185.2	205.2
Plus: Capitalized Interest	7.0	8.7	8.2
Plus. Interest on Pension & Postretirement Underfunded Amounts	2.6	2.4	2.3
Plus: Asset Retirement Obligations	1.0	1.0	1.0
Adjusted Interest Expense (S&P)	185.0	197 4	216 7
EBITDA:			
Unadjusted EBITDA	1,190.8	1,266.6	1,336.0
Less: Securitization EBITDA	(203.9)	(202.1)	(182.4)
Adjusted EBITDA	987.0	1,064.5	1,153.6
Plus: Interest on Pension & Postretirement Underfunded Amounts	5.4	5.1	4.8
Plus ¹ Asset Retirement Obligations	1.0	1.0	1.0
Adjusted EBITDA	993.4	1,070.6	1,159.3
FUNDS FROM OPERATIONS:			
	993.4	1,070.6	1 150 2
Adjusted EBITDA (S&P)		,	1,159.3
Less: Adjusted Interest Expense, net (S&P)	(185.0)	(197.4)	(216.7)
Less. Current Taxes	(122.0)	(126.5)	(124.3)
Plus: Pension & Postretirement Adjustment	1.3	12	1.1
Plus: Asset Retirement Obligations	02	0.2	0.2
Adjusted Funds from Operations (S&P)	687.9	748.2	819.8
OCF, FOCF & DCF:			
Operating Cash Flow	858.5	876.9	923.4
Less: Securitization OCF	(176.4)	(181.6)	(169.3)
Adjusted Operating Cash Flow	682.0	695.3	754.1
Plus: Pension & Postretirement Adjustment	(2 3)	(2.2)	(2.1)
Less: Capitalized Interest	(7.0)	(8.7)	(8.2)
Plus: Asset Retirement Obligations	(0.8)	(0.8)	(0 8)
Adjusted Operating Cash Flow (S&P)	671.9	683.6	743.0
Less: Capital Expenditures	(1,027.9)	(1,177.9)	(978.8)
Plus: Capitalized Interest	7.0	8.7	8.2
Free Operating Cash Flow (S&P)	(349.0)	(485.6)	(227.6)
Less: Dividends	(176.5)	(223.0)	(152.5)
Discretionary Operating Cash Flow (S&P)	(525.5)	(708.6)	(380.0)

CenterPoint Energy Houston Electric, LLC - 55/45 10% ROE Transmission and Distribution Utility

(For the Year Ended or As of December 31, Dollars in Millions)

	2020	2021	2022
Core Ratios			
FFO / Total Debt	15.4%	15.9%	16.1%
Total Debt / EBITDA	4.48	4.38	4.38
Supplemental Ratios			
OCF / Total Debt	15.1%	14.6%	14.6%
FOCF / Total Debt	-7.8%	-10.3%	-4.5%
DCF / Total Debt	-11.8%	-15.1%	-7.5%
EBITDA Interest Coverage	5.37	5.42	5.35
FFO Interest Coverage	4.72	4.79	4.78

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Moody's				O Search						CONTACT
	Ticker CNP Mor	ody's Org D 378	gy Housto	S8SEQBOJLKHW	63 Market Segr	neet Infrastructure &		ANALYST		
	industry UTILITY: I	REG · ELECTR ·	TRANS&DIST Pe	er Group - Regula	ted Electric and G	as Utilities — Dominie	• UNITED STATES	Analyst	Rober	t Petrosino
	LONG TERM RATIN Rating A3 Notion 1 Type LT Issuer R Date 30 Jan 2014	Watch lating	OUTLOS Stable Date 30	DK) Jan 2014		OTHER DEBTS ON No	I WATCH?			
	Research	Ratings	Family Tree	Peer Group	Market Sig	jnals				
	Rating Class De	etair — Debt Li	st : Issuer Outloo	ĸ					Export	Results. 5
	Class 🔺				Rating	Rating Action		Date		
	LT Issuer Rating				A3	Upgrade		30 Jan 2014		
	Senior Unsecured	Bank Credit Facil	ity (Domestic)		∧3	New		20 Jun 2017		
	Senior Secured (D	omestic)			A1	Upgrado		30 Jan 2014		
	Underlying Senior	Secured (Domest	iic)		A1	RATING AFFIR	MATION	28 Jan 2019		
	BACKED Senior S	ecured (Domestic	;)		A1	RATING AFFIR	MATION	28 Jan 2019		
	Rating Class	History: LT I	ssuer Rating		artugen i					~
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	Baa3 -		_	•		•				
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00 No. 2012	Dent	On Watch Bossich a Upgrage
08 Nov 2013	Baa1	On Watch Possible Upgrade
19 Aug 2013	Baa1	Upgrade
14 Mar 2013	Baa2	RATING AFFIRMATION
29 Jun 2011	Baa2	CONFIRMED
23 Mar 2011	8aa2	On Watch Possible Upgrade
03 Aug 2010	Baa2	Upgrade
03 May 2010	Baa3	On Watch Possible Upgrade
07 Oct 2003	Baa3	CONFIRMED
04 Nov 2002	Baa3	Downgrade
31 Aug 2002	Baa	On Watch Possible Downgrade
31 Aug 2002	Baat	Upgrade
31 Jul 2002	Baa2	On Watch Possible Downgrade

Rating

Α3

Export Results 19

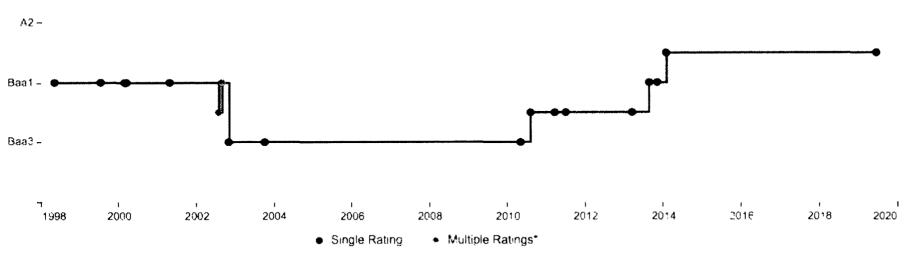
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Rating Class History: LT Issuer Rating

Currency

Date

30 Jan 2014



Rating Action

Upgrade

Work Paper EL

Vectren Acquisition Funding

\$ Billions

	Transaction funding					
	Net	Equity	Equity	Equity	<u>Gorman</u>	
	Proceeds	<u>Content</u>	<u>Amount</u>	Percentage	Testimony	<u>Source</u>
Series A Preferred Stock	790	50%	395			
Common Stock	1844	100%	1844		1900 G	orman Direct
Series B Mand Covert Pref Stock	950	100%	950			
Senior Notes	1489	0%	0			
Commercial Paper	909	0%	0			
Equity price	5982		3189	53%	22.4% G	orman Direct
Assumed debt (net)	2334					1
Transaction EV Equity sources %	8316		[38%	+-	Ilculated om 22.4%

		Long-term Debt		
Party	Witness	%	Equity %	ROE %
OPUC	Winker	54.5	45.5	9.15
TIEC	Gorman	60.0	40.0	9.25
TCUC	Woolridge*	60.0	40.0	9.00
Staff	Tietjen	60.0	40.0	9.45

* Mr. Woolridge's secondary recommendation is 55.48% long-

term debt, 0.9% short-term debt, and 43.62% short-term debt.

Table: Issuer and Issue Credit Ratings and Notching

	Current Ratings	Insecured Deb	Secured Bonds	
Standard & Poor's (1)				
CNP	BBB+, STABLE	BBB		CNP & CEHE Downgrade
CEHE	BBB+, STABLE		Α	02/01/19
Notching (4)	0 notches			
Note: CEHE S	iva+			
Moody's (2)				
CNP	Baa2, STABLE	Baa2		CNP Downgrade 1/28/19
CEHE	A3, STABLE		A1	No change CEHE
Notching (4)	+2			Notching increased
Fitch Ratings (3)				
CNP	BBB, STABLE	BBB		CNP no action on Vectren
CEHE	A-, STABLE		A+	merger
Notching (4)	+2			No change CEHE
Ratings as of Jur	ne 10, 2019			

(1) Issuer Credit Rating; SACP is stand-alone credit profile, a component

(2) Senior Unsecured Rating

(3) Issuer Default Rating

(4) "Notching" signifies the number of rating categories between the rating of the subsidiary and the rating of its parent holding company.

Moody's rating was Baa3 in 2010 when cap structure was 60/40.