

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

Years Ended December 31; \$ in millions

Balance Sheet**ASSETS**

Cash/Temporary Investments (excl Bond Companies)	\$ 588.4	\$ 464.6	\$ (0.2)	\$ (0.2)	\$ (0.2)
Current Assets	\$ 998.1	\$ 1,021.3	\$ 1,045.2	\$ 1,070.4	\$ 1,096.8
PP&E, net	\$ 8,993.4	\$ 9,604.9	\$ 10,341.4	\$ 10,849.4	\$ 11,325.6
Securitized Regulatory Assets	795.5	796.5	797.5	798.5	799.5
Other Assets	133.0	(25.1)	(172.1)	(305.3)	(411.0)
Total Assets	\$ 11,508.4	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.8

LIABILITIES AND EQUITY

Intercompany Notes Payable	\$ -	\$ -	\$ 38.9	\$ 116.1	\$ 336.4
Other Current Liabilities	\$ 655.6	\$ 679.8	\$ 696.2	\$ 715.6	\$ 731.4
Total Current Liabilities	655.6	679.8	735.1	831.7	1,067.8
Non-Recourse Securitization Debt	\$ 1,171.8	\$ 995.9	\$ 814.7	\$ 645.6	\$ 497.0
Other Long Term Debt (external)	\$ 3,984.7	\$ 4,288.0	\$ 4,489.0	\$ 4,792.2	\$ 4,995.6
Deferred Income Taxes	\$ 953.7	\$ 892.4	\$ 827.1	\$ 772.9	\$ 729.1
Other Liabilities	\$ 1,471.5	\$ 1,472.1	\$ 1,452.1	\$ 1,425.5	\$ 1,398.8
Total Liabilities	8,237.3	8,328.2	8,317.9	8,467.9	8,688.3
Common Equity	3,271.1	3,534.0	3,693.9	3,942.7	4,117.9
Total Equity	3,271.1	3,534.0	3,693.9	3,944.9	4,122.5
Total Liabilities and Equity	\$ 11,508.4	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.8

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

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*Years Ended December 31; \$ in millions***DEBT:**

Balance Sheet Debt	-	5,156.5	5,284.0	5,342.5	5,554.0	5,829.0
Less: Securitization Debt	-	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	-	3,984.7	4,288.0	4,527.9	4,908.4	5,331.9
Plus: Postretirement Underfunded Amount (Pre Tax)	77.0	70.7	64.5	58.1	51.4	44.6
Plus: Operating Leases	4.0	4.0	-	-	-	-
Plus: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	68.0	68.0	68.0	68.0	68.0	68.0
Adjusted Debt (Moody's) (excluding Securitization)	149.0	4,127.4	4,420.5	4,653.9	5,027.8	5,444.5
Plus: Securitization Debt	-	1,171.8	995.9	814.7	645.6	497.0
Adjusted Debt (Moody's) (including Securitization)	149.0	5,299.2	5,416.4	5,468.6	5,673.4	5,941.5

INTEREST EXPENSE:

Income Statement Interest	-	203.1	202.3	206.1	218.5	224.1
Less: Securitization Interest (Cash and Non-Cash)	(59.0)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	(59.0)	163.5	174.4	185.2	205.2	216.5
Plus: Interest on Postretirement Underfunded Amount	3.0	2.5	2.3	2.0	1.8	1.6
Plus: Operating Leases	0.1	0.1	-	-	-	-
Adjusted Interest Expense (Moody's) (excluding Securitization)	(55.9)	166.1	176.6	187.3	207.0	218.1
Plus: Securitization Interest (Cash and Non-Cash)	59.0	39.7	28.0	20.8	13.4	7.6
Adjusted Interest Expense (Moody's) (including Securitization)	3.1	205.8	204.6	208.1	220.3	225.7

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

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Years Ended December 31; \$ in millions

FUNDS FROM OPERATIONS:

Unadjusted FFO	-	922.5	882.0	945.8	997.8	1,039.4
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(531.0)	(263.5)	(175.9)	(181.2)	(169.1)	(148.6)
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(1.0)	(0.8)	(0.5)	(0.4)	(0.2)	(0.1)
Adjusted Funds from Operations	(532.0)	658.2	705.6	764.2	828.5	890.7
Less: Post Retirement Contributions	(9.0)	(10.0)	(9.2)	(9.2)	(9.1)	(9.0)
Plus: Net Regulatory Assets/Liabilities	(97.0)	(10.8)	(15.4)	(52.2)	(59.6)	(64.9)
Plus: Other Assets	(3.0)	-	-	-	-	-
Plus: Other Liabilities	17.0	-	-	-	-	-
Plus: Other, net	(12.0)	-	-	-	-	-
Plus: Operating Leases	0.9	0.9	-	-	-	-
Plus: Postretirement Adjustment (1)	9.0	9.5	8.7	8.7	8.6	8.5
Adjusted Funds from Operations (Moody's) (excluding Securitization)	(626.1)	647.7	689.7	711.5	768.4	825.2
Plus: Securitization (Regulatory Asset) Amortization (Pre Tax)	531.0	263.5	175.9	181.2	169.1	148.6
Plus: Securitization Amortization of Deferred Financing Costs (Pre Tax)	1.0	0.8	0.5	0.4	0.2	0.1
Adjusted Funds from Operations (Moody's) (including Securitization)	(94.1)	912.0	866.1	893.1	937.7	974.0

TOTAL CAPITALIZATION:

Adjusted Debt (Moody's) (excluding Securitization)	149.0	4,127.4	4,420.5	4,653.9	5,027.8	5,444.5
Plus: Equity	-	3,271.1	3,534.0	3,693.9	3,942.7	4,117.9
Less: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)
Plus: Deferred Taxes (Excl. EDIT included in Regulatory Liabilities)	-	953.7	892.4	827.1	772.9	729.1
Adjusted Total Capitalization (Moody's) (excluding Securitization)	81.0	8,284.1	8,778.9	9,106.9	9,675.4	10,223.5
Plus: Securitization Debt	-	1,171.8	995.9	814.7	645.6	497.0
Adjusted Total Capitalization (Moody's) (including Securitization)	81.0	9,455.9	9,774.8	9,921.6	10,321.0	10,720.5

EBITDA:

Unadjusted EBITDA	-	1,259.0	1,196.1	1,268.6	1,332.0	1,378.3
Less: Securitization EBITDA	(590.0)	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	(590.0)	955.8	992.2	1,066.5	1,149.6	1,222.1
Less: Interest Income (intercompany)	-	(20.5)	(14.5)	(7.7)	(2.6)	(0.1)
Adjusted EBITDA (Moody's) (excluding Securitization)	(590.0)	935.4	977.7	1,058.7	1,147.0	1,222.0
Plus: Securitization EBITDA	590.0	303.2	203.9	202.1	182.4	156.2
Adjusted EBITDA (Moody's) (including Securitization)	-	1,238.6	1,181.6	1,260.8	1,329.4	1,378.2

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

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

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Years Ended December 31; \$ in millions

CAPITAL EXPENDITURES:

Capital Expenditures	-	979.1	1,027.9	1,177.9	978.8	980.0
Plus: Operating Lease Depreciation	0.9	0.9	-	-	-	-
Total Capital Expenditures	0.9	980.0	1,027.9	1,177.9	978.8	980.0

EBITA:

Pre Tax Income	-	404.9	401.5	439.8	473.6	501.9
Plus: Interest Expense	-	203.1	202.3	206.1	218.5	224.1
EBITA (GAAP)	-	608.1	603.8	645.9	692.1	726.0
Plus: Postretirement Adjustment	2.0	2.0	2.0	2.0	2.0	2.0
Plus: Operating Leases	0.1	0.1	-	-	-	-
EBITA (Moody's) (including Securitization)	2.1	610.2	605.8	647.9	694.1	728.0
Less: Securitization Interest (Cash and Non-Cash)	(59.0)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
EBITA (Moody's) (excluding Securitization)	(56.9)	570.6	577.8	627.0	680.7	720.4

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CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

	2019	2020	2021	2022	2023
Income Statement					
Total Revenues	\$ 3,004.0	\$ 2,984.9	\$ 3,135.4	\$ 3,275.6	\$ 3,441.7
Operation and Maintenance	1,503.4	1,532.3	1,599.5	1,662.6	1,770.5
Taxes Other Than Income	252.0	261.8	269.3	277.0	284.5
Depreciation and Amortization	650.9	592.3	622.7	640.0	652.3
Operating Income	597.6	598.5	643.9	696.1	734.3
Interest Income (intercompany) (1)	20.5	14.5	7.7	2.6	0.1
Other Income (2)	(9.9)	(9.2)	(5.8)	(6.6)	(8.5)
EBIT	608.1	603.8	645.9	692.1	726.0
Securitization Interest	39.7	28.0	20.8	13.4	7.6
Other Interest (external)	163.5	174.4	185.2	203.0	211.2
Other Interest (intercompany)	-	-	0.1	2.2	5.3
EBT	404.9	401.5	439.8	473.6	501.9
Tax Expense	74.7	60.7	61.2	70.1	77.9
Net Income before Non-Recurring Items	330.2	340.8	378.6	403.5	424.0
Non-Recurring Items	-	-	-	-	-
Net Income	\$ 330.2	\$ 340.8	\$ 378.6	\$ 403.5	\$ 424.0

(1) Plan amounts attributable to \$700 debt issuance and \$535 equity infusion in first quarter 2019

(2) Includes the non-service cost component of compensation retirement benefits (ASU No. 2017-07, effective 2018)

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CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

Fitch

FFO Interest Coverage	4.85	4.86	4.90	4.85	4.96
Debt as % of Total Capitalization	55.0%	54.8%	55.1%	55.5%	56.4%
FFO / Debt	16.4%	16.3%	16.7%	16.7%	16.6%
Debt / EBITDA	4.27	4.39	4.28	4.28	4.36
EBIT Interest Coverage	3.23	3.09	3.18	3.17	3.21
EBITDA Interest Coverage	5.51	5.39	5.46	5.38	5.46
Debt / FFO	4.85	4.86	4.76	4.74	4.81
Common Equity as % of Total Capitalization	45.0%	45.2%	44.9%	44.5%	43.6%
% Internal Cash Generation [(FFO less Dividends) / Capital Expenditure]	47.1%	50.9%	45.4%	68.4%	65.2%

FITCH RATIO BENCHMARKS

	a	bbb	bb
FFO Interest Coverage	5.0	4.5	3.5
Debt / EBITDA	3.25	3.75	4.75
Debt / FFO	3.5	5	6.5

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

	2019	2020	2021	2022	2023
Cash Flows					
Net Income	\$ 330.2	\$ 340.8	\$ 378.6	\$ 403.5	\$ 424.0
Non-Recurring Items, net of tax	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income before Non-Recurring Items	330.2	340.8	378.6	403.5	424.0
Depreciation and Amortization	650.9	592.3	622.7	640.0	652.3
Amortization of Deferred Financing Costs	10.5	10.2	9.9	8.6	6.9
Deferred Taxes	(69.2)	(61.3)	(65.3)	(54.2)	(43.8)
Funds From Operations	922.5	882.0	945.8	997.8	1,039.4
Changes in Working Capital	(48.7)	(23.5)	(68.9)	(74.4)	(84.6)
Operating Cash Flow	873.8	858.5	876.9	923.4	954.8
Capital Expenditures	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Other Investing Activities	-	-	-	-	-
Investing Cash Flow	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Increase (decrease) in Intercompany Notes Payable	(589.8)	123.8	503.7	77.2	220.3
Increase (decrease) in Securitization Debt	(264.3)	(176.4)	(181.6)	(169.3)	(148.7)
Increase (decrease) in Other Long Term Debt	700.0	300.0	197.6	300.0	200.0
Dividends	(193.2)	(176.5)	(223.0)	(152.5)	(246.4)
Other Financing Activities	452.5	98.6	4.4	-	-
Financing Cash Flow	105.3	169.4	301.0	55.4	25.1
Total Cash Flow	\$ (0.0)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

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CenterPoint Energy Houston Electric, LLC

Fitch Methology

Years Ended December 31; \$ in millions

	2019	2020	2021	2022	2023
Balance Sheet					
ASSETS					
Cash/Temporary Investments (excl Bond Companies)	\$ 588.4	\$ 464.6	\$ (0.2)	\$ (0.2)	\$ (0.2)
Current Assets	\$ 998.1	\$ 1,021.3	\$ 1,045.2	\$ 1,070.4	\$ 1,096.8
PP&E, net	\$ 8,993.4	\$ 9,604.9	\$ 10,341.4	\$ 10,849.4	\$ 11,325.6
Securitized Regulatory Assets	795.5	796.5	797.5	798.5	799.5
Other Assets	133.0	(25.1)	(172.1)	(305.3)	(411.0)
Total Assets	\$ 11,508.4	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.8
LIABILITIES AND EQUITY					
Intercompany Notes Payable	\$ -	\$ -	\$ 38.9	\$ 116.1	\$ 336.4
Other Current Liabilities	\$ 655.6	\$ 679.8	\$ 696.2	\$ 715.6	\$ 731.4
Total Current Liabilities	655.6	679.8	735.1	831.7	1,067.8
Non-Recourse Securitization Debt	1,171.8	995.9	814.7	645.6	497.0
Other Long Term Debt (external)	3,984.7	4,288.0	4,489.0	4,792.2	4,995.6
Deferred Income Taxes	953.7	892.4	827.1	772.9	729.1
Other Liabilities	1,471.5	1,472.1	1,452.1	1,425.5	1,398.8
Total Liabilities	8,237.3	8,328.2	8,317.9	8,467.9	8,688.3
Total Equity	3,271.1	3,534.0	3,693.9	3,944.9	4,122.5
Total Liabilities and Equity	\$ 11,508.4	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.8

Cap Structure 60-40, ROE 9.25% Gorman

Fitch Methodology

CenterPoint Energy Houston Electric, LLC

Years Ended December 31, \$ in millions

Fitch Ratios**DEBT:**

	2019	2020	2021	2022	2023
Balance Sheet Debt	5,156.5	5,284.0	5,342.5	5,554.0	5,829.0
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	3,984.7	4,288.0	4,527.9	4,908.4	5,331.9
Plus: Lease Adjustment	8.0	-	-	-	-
Adjusted Debt (Fitch)	3,992.7	4,288.0	4,527.9	4,908.4	5,331.9

INTEREST EXPENSE:

Income Statement Interest	203.1	202.3	206.1	218.5	224.1
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	163.5	174.4	185.2	205.2	216.5
Plus: Capitalized Interest	6.1	7.1	8.7	8.2	7.2
Plus: Rental Payments	0.3	-	-	-	-
Adjusted Interest Expense (Fitch)	169.8	181.4	194.0	213.4	223.7

FUNDS FROM OPERATIONS:

Unadjusted FFO	922.5	882.0	945.8	997.8	1,039.4
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(263.5)	(175.9)	(181.2)	(169.1)	(148.6)
Less: Securitization Amort Deferred Financing Costs (Pre Tax)	(0.8)	(0.5)	(0.4)	(0.2)	(0.1)
Adjusted Funds from Operations	658.2	705.6	764.2	828.5	890.7
Less: Capitalized Interest (After Tax)	(4.8)	(5.6)	(6.9)	(6.5)	(5.7)
Plus: Rental Payments	0.7	-	-	-	-
Adjusted Funds from Operations (Fitch)	654.1	700.0	757.3	822.0	885.0

TOTAL CAPITALIZATION:

Balance Sheet Total Capitalization	8,427.6	8,817.9	9,036.4	9,496.7	9,946.9
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Total Capitalization (GAAP)	7,255.8	7,822.0	8,221.8	8,851.1	9,449.9
Plus: Lease Payments	8.0	-	-	-	-
Adjusted Total Capitalization (Fitch)	7,263.8	7,822.0	8,221.8	8,851.1	9,449.9

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

EBITDA:

Unadjusted EBITDA	1,259.0	1,196.1	1,268.6	1,332.0	1,378.3
Less: Securitization EBITDA	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	955.8	992.2	1,066.5	1,149.6	1,222.1
Less: Interest Income (intercompany)	(20.5)	(14.5)	(7.7)	(2.6)	(0.1)
Plus: Gross Rental Expense	0.7	-	-	-	-
Adjusted EBITDA (Fitch)	936.1	977.7	1,058.7	1,147.0	1,222.0

EBIT:

Unadjusted EBIT	608.1	603.8	645.9	692.1	726.0
Less: Securitization EBIT	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted EBIT	568.4	575.8	625.0	678.7	718.4
Less: Interest Income (intercompany)	(20.5)	(14.5)	(7.7)	(2.6)	(0.1)
Plus: Gross Rental Expense	0.7	-	-	-	-
Adjusted EBIT (Fitch)	548.7	561.4	617.3	676.1	718.3

Cap Structure 60-40, ROE 9.25% Gorman

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

Years Ended December 31, \$ in millions

	S&P Methodology				
	2019	2020	2021	2022	2023
DEBT:					
Balance Sheet Debt	5,156.5	5,284.0	5,342.5	5,554.0	5,829.0
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	3,984.7	4,288.0	4,527.9	4,908.4	5,331.9
Plus: Pension & Postretirement Underfunded Amount (After Tax)	45.2	42.5	39.9	37.5	35.2
Plus: Asset Retirement Obligations (After Tax)	27.7	27.7	27.7	27.7	27.7
Plus: Interest Accrued	77.3	81.4	86.4	92.1	92.2
Plus: Unamortized Issuance Cost (Excluding Securitization)	15.6	13.7	12.2	10.9	9.9
Adjusted Debt (S&P)	4,150.5	4,453.4	4,694.0	5,076.5	5,496.8
INTEREST EXPENSE:					
Income Statement Interest	203.1	202.3	206.1	218.5	224.1
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	163.5	174.4	185.2	205.2	216.5
Plus: Capitalized Interest	6.1	7.0	8.7	8.2	7.2
Plus: Interest on Pension & Postretirement Underfunded Amounts	2.7	2.6	2.4	2.3	2.1
Plus: Asset Retirement Obligations	1.0	1.0	1.0	1.0	1.0
Adjusted Interest Expense (S&P)	173.3	185.0	197.4	216.7	226.9
EBITDA:					
Unadjusted EBITDA	1,248.5	1,190.8	1,266.6	1,336.0	1,386.6
Less: Securitization EBITDA	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	945.3	987.0	1,064.5	1,153.6	1,230.5
Plus: Interest on Pension & Postretirement Underfunded Amounts	5.7	5.4	5.1	4.8	4.5
Plus: Asset Retirement Obligations	1.0	1.0	1.0	1.0	1.0
Adjusted EBITDA	952.1	993.4	1,070.6	1,159.3	1,235.9
FUNDS FROM OPERATIONS:					
Adjusted EBITDA (S&P)	952.1	993.4	1,070.6	1,159.3	1,235.9
Less: Adjusted Interest Expense, net (S&P)	(173.3)	(185.0)	(197.4)	(216.7)	(226.9)
Less: Current Taxes	(143.9)	(122.0)	(126.5)	(124.3)	(121.7)
Plus: Pension & Postretirement Adjustment	1.4	1.3	1.2	1.1	1.1
Plus: Asset Retirement Obligations	0.2	0.2	0.2	0.2	0.2
Adjusted Funds from Operations (S&P)	636.4	687.9	748.2	819.8	888.7
OCF, FOCF & DCF:					
Operating Cash Flow	873.8	858.5	876.9	923.4	954.8
Less: Securitization OCF	(264.3)	(176.4)	(181.6)	(169.3)	(148.7)
Adjusted Operating Cash Flow	609.5	682.0	695.3	754.1	806.1
Plus: Pension & Postretirement Adjustment	(2.5)	(2.3)	(2.2)	(2.1)	(1.9)
Less: Capitalized Interest	(6.1)	(7.0)	(8.7)	(8.2)	(7.2)
Plus: Asset Retirement Obligations	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Adjusted Operating Cash Flow (S&P)	600.2	671.9	683.6	743.0	796.2
Less: Capital Expenditures	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Plus: Capitalized Interest	6.1	7.0	8.7	8.2	7.2
Free Operating Cash Flow (S&P)	(372.9)	(349.0)	(485.6)	(227.6)	(176.6)
Less: Dividends	(193.2)	(176.5)	(223.0)	(152.5)	(246.4)
Discretionary Operating Cash Flow (S&P)	(566.1)	(525.5)	(708.6)	(380.0)	(423.0)

Cap Structure 60-40, ROE 9.25% Gorman

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

Years Ended December 31; \$ in millions

	S&P Methodology				
	2019	2020	2021	2022	2023
Core Ratios					
FFO / Total Debt	15.3%	15.4%	15.9%	16.1%	16.2%
Total Debt / EBITDA	4.36	4.48	4.38	4.38	4.45
Supplemental Ratios					
OCF / Total Debt	14.5%	15.1%	14.6%	14.6%	14.5%
FOCF / Total Debt	-9.0%	-7.8%	-10.3%	-4.5%	-3.2%
DCF / Total Debt	-13.6%	-11.8%	-15.1%	-7.5%	-7.7%
EBITDA Interest Coverage	5.49	5.37	5.42	5.35	5.45
FFO Interest Coverage	4.67	4.72	4.79	4.78	4.92

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC - 60/40 9.25% ROE

Years Ended December 31; \$ in millions

	2019	2020	2021	2022	2023
Income Statement					
Total Revenues	\$ 3,004.0	\$ 2,984.9	\$ 3,135.4	\$ 3,275.6	\$ 3,441.7
Revenue adjusted	\$ (35.0)	\$ (24.0)	\$ (44.0)	\$ (46.0)	\$ (51.0)
	\$ 2,969.0	\$ 2,960.9	\$ 3,091.4	\$ 3,229.6	\$ 3,390.7
Operating and Administrative	1,503.4	1,532.3	1,599.5	1,662.6	1,770.5
Taxes Other Than Income	252.0	261.8	269.3	277.0	284.5
Depreciation and Amortization	650.9	592.3	622.7	640.0	652.3
Operating Income	562.6	574.5	599.9	650.1	683.3
Interest Income (intercompany)	20.5	14.5	7.7	2.6	0.1
Other Income	(9.9)	(9.2)	(5.8)	(6.6)	(8.5)
EBIT	573.1	579.8	601.9	646.1	675.0
Securitization Interest	39.7	28.0	20.8	13.4	7.6
Other Interest (external)	163.5	174.4	185.2	203.0	211.2
Additional Long-Term Interest	16.6	18.2	18.9	20.3	21.4
Other Interest (intercompany)	-	-	0.1	2.2	5.3
EBT	353.3	359.2	376.9	407.3	429.5
Tax adjustment	(10.8)	(8.8)	(13.1)	(14.0)	(15.2)
Tax Expense	74.7	60.7	61.2	70.1	77.9
Net Income before Non-Recurring Items	267.8	289.7	302.6	323.2	336.4
Non-Recurring Items	-	-	-	-	-
Net Income	\$ 267.8	\$ 289.7	\$ 302.6	\$ 323.2	\$ 336.4

Credit Metrics

S&P					
Funds From Operations / Total Debt	13.4%	13.1%	13.4%	13.5%	13.4%
Total Debt / EBITDA	4.36	4.98	4.96	4.57	4.63
Operating Cash Flow / Total Debt	14.5%	13.3%	12.4%	14.6%	14.5%

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC - 60/40 9.25% ROE

Years Ended December 31; \$ in millions

	2019	2020	2021	2022	2023
Cash Flows					
Net Income	\$ 267.8	\$ 289.7	\$ 302.6	\$ 323.2	\$ 336.4
Non-Recurring Items, net of tax	-	-	-	-	-
Net Income before Non-Recurring Items	267.8	289.7	302.6	323.2	336.4
Depreciation and Amortization	650.9	592.3	622.7	640.0	652.3
Amortization of Deferred Financing Costs	10.5	10.2	9.9	8.6	6.9
Deferred Taxes	(69.2)	(61.3)	(65.3)	(54.2)	(43.8)
Funds From Operations	860.1	831.0	869.8	917.5	951.8
Changes in Working Capital	(48.7)	(23.5)	(68.9)	(74.4)	(84.6)
Operating Cash Flow	811.4	807.4	800.9	843.1	867.2
Capital Expenditures	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Other Investing Activities	-	-	-	-	-
Investing Cash Flow	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Increase (decrease) in Intercompany Notes Payable	(589.8)	123.8	503.7	77.2	220.3
Increase (decrease) in Securitization Debt	(264.3)	(176.4)	(181.6)	(169.3)	(148.7)
Increase (decrease) in Other Long Term Debt	700.0	300.0	197.6	300.0	200.0
Dividends	(193.2)	(156.2)	(197.6)	(152.5)	(246.4)
Other Financing Activities	452.5	98.6	-	-	-
Financing Cash Flow	105.3	189.7	322.0	55.4	25.1
Total Cash Flow	\$ (62.4)	\$ (30.8)	\$ (55.0)	\$ (80.3)	\$ (87.6)

Note. Gorman shortfall cash flow

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC - 60/40 9.25% ROE

Years Ended December 31, \$ in millions

	2019	2020	2021	2022	2023
Balance Sheet					
ASSETS					
Cash/Temporary Investments	\$ 588.4	\$ 464.6	\$ (0.2)	\$ (0.2)	\$ (0.2)
Current Assets	998.1	1,021.3	1,045.2	1,070.4	1,096.8
PP&E, net	8,993.4	9,604.9	10,341.4	10,849.4	11,325.6
Other Assets	928.5	771.4	625.4	493.2	388.5
Total Assets	\$ 11,508.4	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.8
LIABILITIES AND EQUITY					
Facility/Intercompany Debt	\$ -	\$ -	\$ 38.9	\$ 116.1	\$ 336.4
Other Current Liabilities	655.6	679.8	696.2	715.6	731.4
Total Current Liabilities	655.6	679.8	735.1	831.7	1,067.8
Non-Recourse Securitization Debt	1,171.8	995.9	814.7	645.6	497.0
Other Long Term Debt (external)	4,353.5	4,693.2	4,909.7	5,242.3	5,470.8
Other long-term debt	3,984.7	4,288.0	4,489.0	4,792.2	4,995.6
Additional LTd	368.8	405.2	420.8	450.1	475.3
Deferred Income Taxes	953.7	892.4	827.1	772.9	729.1
Other Liabilities	1,471.5	1,472.1	1,452.1	1,425.5	1,398.8
Total Liabilities	8,606.2	8,733.4	8,738.7	8,918.0	9,163.5
Common equity adjustmwnt	\$ (368.80)	\$ (405.20)	\$ (420.80)	\$ (450.10)	\$ (475.30)
Common Equity	3,271.1	3,534.0	3,693.9	3,944.9	4,122.5
Total Equity	2,902.3	3,128.8	3,273.1	3,494.8	3,647.2
Total Liabilities and Equity	\$ 11,508.5	\$ 11,862.2	\$ 12,011.8	\$ 12,412.8	\$ 12,810.7
Balance check	(0.1)	(0.0)	0.0	0.1	0.1

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

Years Ended December 31; \$ in millions

Moody's Ratios**DEBT:**

	2019	2020	2021	2022	2023
Balance Sheet Debt	5,525.3	5,689.1	5,763.3	6,004.0	6,304.2
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	4,353.5	4,693.2	4,948.6	5,358.4	5,807.2
Plus: Postretirement Underfunded Amount (Pre Tax)	70.7	64.5	58.1	51.4	44.6
Plus: Operating Leases	4.0	-	-	-	-
Plus: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	68.0	68.0	68.0	68.0	68.0
Adjusted Debt (Moody's) (excluding Securitization)	4,496.2	4,825.7	5,074.7	5,477.8	5,919.7
Plus: Securitization Debt	1,171.8	995.9	814.7	645.6	497.0
Adjusted Debt (Moody's) (including Securitization)	5,668.0	5,821.6	5,889.4	6,123.4	6,416.8

INTEREST EXPENSE:

Income Statement Interest	219.7	220.6	225.0	238.8	245.5
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	180.1	192.6	204.2	225.5	237.9
Plus: Interest on Postretirement Underfunded Amount	2.5	2.3	2.0	1.8	1.6
Plus: Operating Leases	0.1	-	-	-	-
Adjusted Interest Expense (Moody's) (excluding Securitization)	182.7	194.9	206.2	227.3	239.5
Plus: Securitization Interest (Cash and Non-Cash)	39.7	28.0	20.8	13.4	7.6
Adjusted Interest Expense (Moody's) (including Securitization)	222.4	222.8	227.0	240.6	247.1
Adjusted Interest Expense (Moody's) (excluding Securitization)	182.7	194.9	206.2	227.3	239.5
Adjusted Interest Expense (Moody's) (including Securitization)	222.4	222.8	227.0	240.6	247.1

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Moody's Methodology

Years Ended December 31; \$ in millions

Moody's Ratios**FUNDS FROM OPERATIONS:**

	2019	2020	2021	2022	2023
Unadjusted FFO	860.1	831.0	869.8	917.5	951.8
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(263.5)	(175.9)	(181.2)	(169.1)	(148.6)
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(0.8)	(0.5)	(0.4)	(0.2)	(0.1)
Adjusted Funds from Operations	595.8	654.5	688.2	748.2	803.1
Less: Post Retirement Contributions	(10.0)	(9.2)	(9.2)	(9.1)	(9.0)
Plus: Net Regulatory Assets/Liabilities	(10.8)	(15.4)	(52.2)	(59.6)	(64.9)
Plus: Other Assets	-	-	-	-	-
Plus: Other Liabilities	-	-	-	-	-
Plus: Other, net	-	-	-	-	-
Plus: Operating Leases	0.9	-	-	-	-
Plus: Postretirement Adjustment (1)	9.5	8.7	8.7	8.6	8.5
Adjusted Funds from Operations (Moody's) (excluding Securitization)	585.3	638.6	635.5	688.1	737.6
Plus: Securitization (Regulatory Asset) Amortization (Pre Tax)	263.5	175.9	181.2	169.1	148.6
Plus: Securitization Amortization of Deferred Financing Costs (Pre Tax)	0.8	0.5	0.4	0.2	0.1
Adjusted Funds from Operations (Moody's) (including Securitization)	849.6	815.1	817.1	857.4	886.4

TOTAL CAPITALIZATION:

Adjusted Debt (Moody's) (excluding Securitization)	4,496.2	4,825.7	5,074.7	5,477.8	5,919.7
Plus: Equity	2,902.3	3,128.8	3,273.1	3,494.8	3,647.2
Less: CEHE GM Bonds issued as collateral for CNP Long-Term Debt	(68.0)	(68.0)	(68.0)	(68.0)	(68.0)
Plus: Deferred Taxes (Excl. EDIT included in Regulatory Liabilities)	953.7	892.4	827.1	772.9	729.1
Adjusted Total Capitalization (Moody's) (excluding Securitization)	8,284.1	8,778.9	9,106.9	9,677.5	10,228.0
Plus: Securitization Debt	1,171.8	995.9	814.7	645.6	497.0
Adjusted Total Capitalization (Moody's) (including Securitization)	9,456.0	9,774.8	9,921.6	10,323.1	10,725.0

EBITDA:

Unadjusted EBITDA	1,224.0	1,172.1	1,224.6	1,286.0	1,327.3
Less: Securitization EBITDA	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	920.8	968.2	1,022.5	1,103.6	1,171.1
Less: Interest Income (Intercompany)	(9.9)	(9.2)	(5.8)	(6.6)	(8.5)
Adjusted EBITDA (Moody's) (excluding Securitization)	910.9	959.0	1,016.7	1,097.0	1,162.7
Plus: Securitization EBITDA	303.2	203.9	202.1	182.4	156.2
Adjusted EBITDA (Moody's) (including Securitization)	1,214.1	1,162.9	1,218.8	1,279.4	1,318.9

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

CenterPoint Energy Houston Electric, LLC

Years Ended December 31; \$ in millions

Moody's Ratios**CAPITAL EXPENDITURES:**

	2019	2020	2021	2022	2023
Capital Expenditures	979.1	1,027.9	1,177.9	978.8	980.0
Plus: Operating Lease Depreciation	0.9	-	-	-	-
Total Capital Expenditures	980.0	1,027.9	1,177.9	978.8	980.0

EBITA:

Pre Tax Income	353.3	359.2	376.9	407.3	429.5
Plus: Interest Expense	219.7	220.6	225.0	238.8	245.5
EBITA (GAAP)	573.1	579.8	601.9	646.1	675.0
Plus: Postretirement Adjustment	792.8	800.3	826.9	884.9	920.5
Plus: Operating Leases	0.1	-	-	-	-
EBITA (Moody's) (including Securitization)	1,366.1	1,380.1	1,428.8	1,530.9	1,595.5
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
EBITA (Moody's) (excluding Securitization)	1,326.4	1,352.2	1,407.9	1,517.6	1,587.9

RATIOS (excluding Securitization):

FFO Interest Coverage	4.23	4.44	5.35	4.57	4.62
FFO Interest Coverage, net	4.37	4.49	5.35	4.57	4.62
Total Debt / Capital	49.9%	48.3%	49.8%	48.6%	50.0%
Total Debt / Capital, net	43.5%	48.3%	49.8%	48.6%	50.0%
FFO / Total Debt	16.7%	16.8%	17.8%	15.5%	15.3%
FFO / Total Debt, net	21.6%	16.8%	17.8%	15.5%	15.3%
Total Debt / EBITDA	3.63	3.14	3.33	3.38	3.32
Total Debt, net / EBITDA	2.80	3.14	3.33	3.38	3.32
(FFO - Dividends) / Total Debt	-46.9%	9.7%	15.0%	13.0%	11.2%
(FFO - Dividends) / Total Debt, net	-60.7%	9.7%	15.0%	13.0%	11.2%
(FFO - Dividends) / Capital Expenditures	-234.8%	44.0%	74.8%	71.0%	76.0%
EBITA Margin %	25.8%	26.1%	26.2%	26.0%	28.1%

RATIOS (including Securitization):

FFO Interest Coverage	3.90	4.20	4.67	4.56	4.90
FFO Interest Coverage, net	3.96	4.22	4.67	4.56	4.90
Total Debt / Capital	69.9%	68.5%	67.7%	65.0%	64.0%
Total Debt / Capital, net	67.7%	68.5%	67.7%	65.0%	64.0%
FFO / Total Debt	12.8%	13.8%	14.5%	14.6%	16.0%
FFO / Total Debt, net	14.2%	13.8%	14.5%	14.6%	16.0%
Total Debt / EBITDA	5.11	4.47	4.49	4.22	3.84
Total Debt, net / EBITDA	4.61	4.47	4.49	4.22	3.84
(FFO - Dividends) / Total Debt	-14.5%	10.7%	13.2%	13.4%	13.7%
(FFO - Dividends) / Total Debt, net	-16.0%	10.7%	13.2%	13.4%	13.7%
(FFO - Dividends) / Capital Expenditures	-169.0%	113.3%	138.7%	143.8%	165.5%
EBITA Margin %	27.2%	26.8%	26.2%	25.6%	26.7%

Moody's (excluding Securitization)

Funds From Operations Interest Coverage	3.20	3.28	3.08	3.03	3.08
Total Debt / Capital	54.3%	55.0%	55.7%	56.6%	57.9%
Funds From Operations / Total Debt	13.0%	13.2%	12.5%	12.6%	12.5%
Total Debt / EBITDA	4.94	5.03	4.99	4.99	5.09
(FFO - Dividends) / Total Debt	8.7%	10.0%	8.6%	9.8%	8.3%
(FFO - Dividends) / Capital Expenditures	79.5%	77.3%	70.7%	85.9%	100.4%

Moody's (including Securitization)

Funds From Operations Interest Coverage	3.82	3.66	3.60	3.56	3.59
Total Debt / Capital	59.9%	59.6%	59.4%	59.3%	59.8%
Funds From Operations / Total Debt	15.0%	14.0%	13.9%	14.0%	13.8%
Total Debt / EBITDA	4.67	5.01	4.83	4.79	4.87

CenterPoint Energy Houston Electric, LLC

Years Ended December 31; \$ in millions

Moody's Ratios

	2019	2020	2021	2022	2023
(FFO - Dividends) / Total Debt	11.6%	11.3%	10.5%	11.5%	10.0%
(FFO - Dividends) / Capital Expenditures	106.5%	94.5%	86.2%	103.2%	115.6%

Criteria benchmarks

	Aaa	Aa	A	Baa	Ba
CFO pre-WC Interest Coverage	>= 8x	6x-8x	4.5x-6x	3x-4.5x	2x-3x
CFO pre-WC to Debt Ratio	>=38%	27%-38%	19%-27%	11%-19%	5%-11%
CFO pre-WC-Dividends to Debt Ratio	>=34%	23%-34%	15%-23%	7%-15%	0%-7%
Debt to Capital Ratio	<29%	29%-40%	40%-50%	50%-59%	59%-67%

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

Fitch Ratios**DEBT:**

	2019	2020	2021	2022	2023
Balance Sheet Debt	5,525.3	5,689.1	5,763.3	6,004.0	6,304.2
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	4,353.5	4,693.2	4,948.6	5,358.4	5,807.2
Plus: Lease Adjustment	8.0	-	-	-	-
Adjusted Debt (Fitch)	4,361.5	4,693.2	4,948.6	5,358.4	5,807.2

INTEREST EXPENSE:

Income Statement Interest	219.7	220.6	225.0	238.8	245.5
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	180.1	192.6	204.2	225.5	237.9
Plus: Capitalized Interest	6.1	7.1	8.7	8.2	7.2
Plus: Rental Payments	0.3	-	-	-	-
Adjusted Interest Expense (Fitch)	186.4	199.7	212.9	233.7	245.1

FUNDS FROM OPERATIONS:

Unadjusted FFO	860.1	831.0	869.8	917.5	951.8
Less: Securitization (Regulatory Asset) Amortization (Pre Tax)	(263.5)	(175.9)	(181.2)	(169.1)	(148.6)
Less: Securitization Amortization of Deferred Financing Costs (Pre Tax)	(0.8)	(0.5)	(0.4)	(0.2)	(0.1)
Adjusted Funds from Operations	595.8	654.5	688.2	748.2	803.1
Less: Capitalized Interest (After Tax)	(4.8)	(5.6)	(6.9)	(6.5)	(5.7)
Plus: Rental Payments	0.7	-	-	-	-
Adjusted Funds from Operations (Fitch)	591.7	648.9	681.3	741.7	797.4

TOTAL CAPITALIZATION:

Balance Sheet Total Capitalization	8,427.6	8,817.9	9,036.4	9,498.8	9,951.4
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Total Capitalization (GAAP)	7,255.8	7,822.0	8,221.7	8,853.2	9,454.4
Plus: Lease Payments	8.0	-	-	-	-
Adjusted Total Capitalization (Fitch)	7,263.8	7,822.0	8,221.7	8,853.2	9,454.4

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston Electric, LLC

Fitch Methodology

Years Ended December 31; \$ in millions

Fitch Ratios

	2019	2020	2021	2022	2023
EBITDA:					
Unadjusted EBITDA	1,224.0	1,172.1	1,224.6	1,286.0	1,327.3
Less: Securitization EBITDA	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	920.8	968.2	1,022.5	1,103.6	1,171.1
Less: Interest Income (intercompany)	(20.5)	(14.5)	(7.7)	(2.6)	(0.1)
Plus: Gross Rental Expense	0.7	-	-	-	-
Adjusted EBITDA (Fitch)	901.1	953.7	1,014.7	1,101.0	1,171.0

EBIT:

Unadjusted EBIT	573.1	579.8	601.9	646.1	675.0
Less: Securitization EBIT	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted EBIT	533.4	551.8	581.0	632.7	667.4
Less: Interest Income (intercompany)	(20.5)	(14.5)	(7.7)	(2.6)	(0.1)
Plus: Gross Rental Expense	0.7	-	-	-	-
Adjusted EBIT (Fitch)	513.7	537.4	573.3	630.1	667.3

Fitch

FFO Interest Coverage	4.17	4.25	4.20	4.17	4.25
Debt as % of Total Capitalization	60.0%	60.0%	60.2%	60.5%	61.4%
FFO / Debt	13.6%	13.8%	13.8%	13.8%	13.7%
Debt / EBITDA	4.84	4.92	4.88	4.87	4.96
EBIT Interest Coverage	2.76	2.69	2.69	2.70	2.72
EBITDA Interest Coverage	4.83	4.78	4.77	4.71	4.78
Debt / FFO	5.61	5.53	5.53	5.49	5.57
Common Equity as % of Total Capitalization	40.0%	40.0%	39.8%	39.5%	38.6%
% Internal Cash Generation [(FFO less Dividends) / Capital Expenditures]	80.2%	78.3%	74.6%	91.3%	106.5%

Fitch standard benchmarks (median ratios)

	<u>a</u>	<u>bbb</u>	<u>bb</u>
FFO Interest Coverage	5	4.5	3.5
Debt / EBITDA	3.25	3.75	4.75
Debt / FFO	3.5	5	6.5

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston LLC

S&P Methodology

Years Ended December 31; \$ in millions

	S&P Methodology				
	2019	2020	2021	2022	2023
DEBT:					
Balance Sheet Debt	5,525.3	5,689.1	5,763.3	6,004.0	6,304.2
Less: Securitization Debt	(1,171.8)	(995.9)	(814.7)	(645.6)	(497.0)
Adjusted Debt (GAAP)	4,353.5	4,693.2	4,948.6	5,358.4	5,807.2
Plus: Pension & Postretirement Underfunded Amount (After Tax)	45.2	42.5	39.9	37.5	35.2
Plus: Asset Retirement Obligations (After Tax)	27.7	27.7	27.7	27.7	27.7
Plus: Interest Accrued	77.3	81.4	86.4	92.1	92.2
Plus: Unamortized Issuance Cost (Excluding Securitization)	15.6	13.7	12.2	10.9	9.9
Adjusted Debt (S&P)	4,519.3	4,858.5	5,114.7	5,526.6	5,972.1
INTEREST EXPENSE:					
Income Statement Interest	219.7	220.6	225.0	238.8	245.5
Less: Securitization Interest (Cash and Non-Cash)	(39.7)	(28.0)	(20.8)	(13.4)	(7.6)
Adjusted Interest Expense (GAAP)	180.1	192.6	204.2	225.5	237.9
Plus: Capitalized Interest	6.1	7.0	8.7	8.2	7.2
Plus: Interest on Pension & Postretirement Underfunded Amounts	2.7	2.6	2.4	2.3	2.1
Plus: Asset Retirement Obligations	1.0	1.0	1.0	1.0	1.0
Adjusted Interest Expense (S&P)	189.9	203.2	216.3	237.0	248.3
EBITDA:					
Unadjusted EBITDA	1,224.0	1,172.1	1,224.6	1,286.0	1,327.3
Less: Securitization EBITDA	(303.2)	(203.9)	(202.1)	(182.4)	(156.2)
Adjusted EBITDA	920.8	968.2	1,022.5	1,103.6	1,171.1
Plus: Interest on Pension & Postretirement Underfunded Amounts	5.7	5.4	5.1	4.8	4.5
Plus: Asset Retirement Obligations	1.0	1.0	1.0	1.0	1.0
Adjusted EBITDA	927.6	974.6	1,028.5	1,109.4	1,176.6
FUNDS FROM OPERATIONS:					
Adjusted EBITDA (S&P)	927.6	974.6	1,028.5	1,109.4	1,176.6
Less: Adjusted Interest Expense, net (S&P)	(189.9)	(203.2)	(216.3)	(237.0)	(248.3)
Less: Current Taxes	(133.1)	(135.1)	(130.8)	(129.9)	(128.8)
Plus: Pension & Postretirement Adjustment	1.4	1.3	1.2	1.1	1.1
Plus: Asset Retirement Obligations	0.2	0.2	0.2	0.2	0.2
Adjusted Funds from Operations (S&P)	606.2	637.8	682.9	743.9	800.8
OCF, FOCF & DCF:					
Operating Cash Flow	811.4	807.4	800.9	843.1	867.2
Less: Securitization OCF	(264.3)	(176.4)	(181.6)	(169.3)	(148.7)
Adjusted Operating Cash Flow	547.1	631.0	619.2	673.8	718.5
Plus: Pension & Postretirement Adjustment	(2.5)	(2.3)	(2.2)	(2.1)	(1.9)
Less: Capitalized Interest	(6.1)	(7.0)	(8.7)	(8.2)	(7.2)
Plus: Asset Retirement Obligations	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Adjusted Operating Cash Flow (S&P)	537.8	620.8	607.6	662.7	708.6
Less: Capital Expenditures	(979.1)	(1,027.9)	(1,177.9)	(978.8)	(980.0)
Plus: Capitalized Interest	6.1	7.0	8.7	8.2	7.2
Free Operating Cash Flow (S&P)	(435.3)	(400.1)	(561.6)	(307.9)	(264.2)
Less: Dividends	(193.2)	(156.2)	(197.6)	(152.5)	(246.4)
Discretionary Operating Cash Flow (S&P)	(628.5)	(556.3)	(759.3)	(460.3)	(510.6)

Cap Structure 60-40, ROE 9.25% Gorman

CenterPoint Energy Houston LLC

S&P Methodology

Years Ended December 31, \$ in millions

	S&P Methodology				
	2019	2020	2021	2022	2023
Core Ratios					
FFO / Total Debt	13.4%	13.1%	13.4%	13.5%	13.4% Significant
Total Debt / EBITDA	4.87	4.99	4.97	4.98	5.08 Significant
Supplemental Ratios					
OCF / Total Debt	11.9%	12.8%	11.9%	12.0%	11.9%
FOCF / Total Debt	-9.6%	-8.2%	-11.0%	-5.6%	-4.4%
DCF / Total Debt	-13.9%	-11.5%	-14.8%	-8.3%	-8.5%
EBITDA Interest Coverage	4.88	4.80	4.76	4.68	4.74
FFO Interest Coverage	4.19	4.14	4.16	4.14	4.23

S&P Benchmarks	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Core Ratios						
FFO / Total Debt	>35%	23-35%	13-23%	9-13%	6-9%	<6%
Total Debt / EBITDA	<2x	2-3x	3-4x	4-5x	5-6x	>6x
Supplemental Ratios						
OCF / Total Debt	>30	20-30	12-20	8-12	5-8	<5
FOCF / Total Debt	>=20%	10-20%	4-10%	0-4%	(10)-0%	<(10)%
DCF / Total Debt	>=11%	7-11%	3-7%	0-3%	(20)-0%	<(20)%
EBITDA Interest Coverage	>13x	7-13x	4-7x	2.5-4x	1.5-2.5x	<1.5
FFO Interest Coverage	>8x	5-8x	3-5x	2-3x	1.5-2	<1.5

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-28**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

To the extent not provided in work papers, please provide copies of the source documents, data and work papers associated with the development of Exhibit Nos. R-EL-1 through Exhibit. R-EL-6. Please provide the underlying data and Exhibits in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include keep all formulas embedded in the worksheet.

ANSWER:

Please refer to the exhibits and workpapers already provided with Ms. Lapson's rebuttal testimony, as well as Attachment TCUC 4-27 provided in response to RFI TCUC 4-27.

SPONSOR (PREPARER):

Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-29**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

To the extent not provided in work papers, please provide copies of all articles, publications, regulatory decisions, references, and/or documents cited in the testimony and/or footnotes. If the reference is a book, please provide a copy of the relevant section of the book.

ANSWER:

All requested documents were provided in the exhibits or workpapers to Ms. Lapson's rebuttal testimony, or are otherwise publicly available.

SPONSOR (PREPARER):
Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-30**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 15, lines 14-22, please provide: (1) the 2018 market shares for corporate long-term issuer ratings of S&P and Moody's; and (2) copies of the source documents used in (1).

ANSWER:

Ms. Lapson does not understand the reference to "market shares" or how it relates to the page and line reference of her testimony.

SPONSOR (PREPARER):
Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-31**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 18, lines 1-15, please provide: (1) all proof that the February 2019 S&P downgrade of CNP and CEHE did not impact the price of CEHE bonds and the cost of debt for CEHE; and (2) copies of the source documents used in (1).

ANSWER:

Ms. Lapson reviewed the market trading levels (that is, the indicated market yield spreads relative to the relevant U.S. Treasury securities) of outstanding secured mortgage bonds of CenterPoint Houston as reported on page 3 of "CIBC Debt Capital Markets U.S. Utilities Weekly January 4, 2019" in comparison with page 3 of "CIBC Debt Capital Markets U.S. Utilities Weekly March 1, 2019". See Attachment TCUC04-31 CIBC US Utilities Weekly 01-04-19 (HSPM) and Attachment TCUC04-31 CIBC US Utilities Weekly 03-01-19 (HSPM). Ms. Lapson noted that the spreads on both the bonds maturing in 2027 (8 years to maturity) and those maturing in 2049 (30 years to maturity) tightened from the end of 2018 to the beginning of March 2019. Please refer to the chart below. The narrower spreads on these bonds relative to U.S. Treasury benchmarks from the period before to after S&P's downgrade of CenterPoint Houston's rating and the reaffirmation by Moody's may indicate that the Moody's rating affirmation was more influential than the S&P downgrade.

		Yield Spread to relevant US Treasury				
		BEFORE		AFTER		
	Maturity Date	Years to Maturity	12/28/18	01/04/19	2/22/2019	3/1/2019
CenterPoint Houston	2/1/2027	8	101	102	89	84
Secured Mtg						
CenterPoint Houston	2/1/2049	30	110	110	100	95
Secured Mtg						
Secured mtg. = secured mortgage or refunding bonds						
Source: CIBC Debt Capital Markets U.S. Utilities Weekly, weeks ending						
Jan 4 2019 and March 1, 2019						

The attachments are highly sensitive and are being provided pursuant to the Protective Order issued in Docket No. 49421.

SPONSOR (PREPARER):

Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:

Attachment TCUC 4-31 CIBC US Utilities Weekly 01-04-19 (HSPM).pdf

Attachment TCUC 4-31 CIBC US Utilities Weekly 03-01-19 (HSPM).pdf

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-32**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 33, lines 16-26, please provide: (1) all proof that the February 2019 S&P downgrade of CNP and CEHE did not impact the cost of equity for CEHE; and (2) copies of the source documents used in (1).

ANSWER:

The page and line reference have no relation to the 2019 S&P downgrade of CNP and CEHE. However, Ms. Lapson's comments regarding the impacts of the S&P downgrade did not relate to the cost of equity, only to debt capital.

SPONSOR (PREPARER):
Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:
None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-33**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 42, lines 13-21, please provide: (1) CEHE's average common equity ratio over the 2015-2018 time period; and (2) indicate whether or not CEHE was able to maintain its S&P and Moody's long-term issuer rating with this capital structure; and (3) copies of the source documents and data used in (1)-(2).

ANSWER:

Please refer to attachment TCUC04-33 Attachment Balance Sheet 2015 2018.xlsx for the common equity ratio of the 2015 – 2018 period. Moody's long-term issuer rating for CenterPoint Houston did not change between 2015 and 2018. CenterPoint Houston's S&P long-term issuer rating is derived from the CenterPoint Energy group, not specific to CenterPoint Houston. While the equity rating of CenterPoint Houston may be one factor in determining the CenterPoint Energy group rating, it is one of many. The data provided in attachment TCUC04-33 Attachment Balance Sheet 2015–2018.xlsx is from S&P Global SNL Financial.

SPONSOR (PREPARER):

Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:

TCUC04-33 Attachment Balance Sheet 2015–2018.xlsx

S&P Global
Market Intelligence

CenterPoint Energy Houston Electric, LLC | Balance Sheet
(MI KEY 4057059, SPCIQ KEY 4935769)

Periods Last Four Years & LTM
Source SNL Financial
Native Currency USD
Current Currency Reported Currency

	2015 FY	2016 FY	2017 FY	2018 FY	2019 FQ1 LTM
Fiscal Period Ended	12/31/2015	12/31/2016	12/31/2017	12/31/2018	3/31/2019
Period Restated?	No	No	No	No	No
Restatement Date	NA	NA	NA	NA	NA
Accounting Principle	U S GAAP	U S GAAP	U S GAAP	U S GAAP	U S GAAP
Financials Reported Currency Code	USD	USD	USD	USD	USD
Current Assets (\$000)					
Cash and Cash Equivalents	264,000	341,000	238,000	335,000	243,000
Gross Trade Accounts Receivable	196,000	194,000	216,000	207,000	NA
Trade Accounts Receivable Allowance	1,000	1,000	1,000	0	NA
Net Customer and Trade Accounts Receivable	195,000	193,000	215,000	207,000	NA
Other Accounts Receivable	114,000	139,000	76,000	101,000	NA
Accounts Receivable	309,000	332,000	291,000	308,000	1,277,000
Unbilled Revenue	96,000	106,000	120,000	110,000	86,000
Current Inventories	133,000	134,000	119,000	135,000	134,000
Prepaid Expense	0	0	0	0	0
Current Investments	0	0	0	0	0
Short-term Energy Risk-mgmt Assets	0	0	0	0	0
Deferred Taxes, Current	0	0	0	0	0
Other Current Assets	63,000	66,000	62,000	61,000	46,000
Current Assets	865,000	979,000	830,000	949,000	1,786,000
Property, Plant and Equipment (\$000)					
Electric PP&E in Service, Gross	8,752,000	9,367,000	9,945,000	10,601,000	NA
Gas PP&E in Service, Gross	0	0	0	0	0
Other PP&E in Service, Gross	1,390,000	1,473,000	1,551,000	1,547,000	NA
PP&E in Service, Gross	10,142,000	10,840,000	11,496,000	12,148,000	12,288,000
Total Accumulated Depreciation	3,209,000	3,443,000	3,633,000	3,746,000	3,743,000
Net PP&E in Service	6,933,000	7,397,000	7,863,000	8,402,000	8,545,000
Construction Work in Progress	0	0	0	0	0
Net Nuclear Fuel	0	0	0	0	0
Other Net PP&E	0	0	0	0	0
Net PP&E	6,933,000	7,397,000	7,863,000	8,402,000	8,545,000
Other Assets (\$000)					
Securities - Noncurrent	0	0	0	0	0
Nuclear Decommissioning Trust	0	0	0	0	0
Other Investments	0	0	0	0	0
Investment in Partnerships	0	0	0	0	0
Noncurrent Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Intangible Assets other than Goodwill	NA	NA	NA	NA	NA
Total Intangible Assets	NA	NA	NA	NA	NA
Long-term Energy Risk-mgmt Assets	0	0	0	0	0
Deferred Taxes, Noncurrent	NA	NA	NA	NA	NA
Regulatory Assets	2,211,000	1,793,000	1,570,000	1,124,000	1,056,000
Total Other Assets	16,000	42,000	29,000	32,000	33,000
Total Assets	10,025,000	10,211,000	10,292,000	10,507,000	11,420,000
Tangible Assets	NA	NA	NA	NA	NA
Current Liabilities (\$000)					
Short-term Debt	0	0	0	0	0
Current Portion of Long-term Debt	391,000	411,000	434,000	458,000	347,000
Short-term and Current Long-term Debt	391,000	411,000	434,000	458,000	347,000
Current Portion of Preferred Equity	0	0	0	0	0
Accrued Interest Payable	70,000	68,000	65,000	64,000	56,000
Income Taxes Payable	NA	NA	NA	NA	NA
Customer Security Deposits	0	0	0	0	0

Other Accounts Payable and Accrued Expense	601,000	339,000	463,000	455,000	340,000
Accounts Payable and Accrued Expense	671,000	407,000	528,000	519,000	396,000
Short-term Energy Risk-mgmt Liabilities	0	0	0	0	0
Other Current Liabilities	69,000	90,000	120,000	113,000	76,000
Current Liabilities	1,131,000	908,000	1,082,000	1,090,000	819,000
Other Liabilities (\$000)					
Postretirement Benefits	192,000	148,000	146,000	91,000	88,000
Deferred Income Tax Liability	2,032,000	2,003,000	1,059,000	1,023,000	1,015,000
Deferred Tax Credit	NA	NA	NA	NA	NA
Deferred Tax Liability	NA	NA	NA	NA	NA
Non-current Long-term Debt	4,468,000	4,454,000	4,319,000	4,258,000	4,885,000
Long-term Energy Risk-mgmt Liabilities	0	0	0	0	0
Regulatory Liabilities	542,000	530,000	1,263,000	1,298,000	1,272,000
Total Other Liabilities	59,000	51,000	54,000	65,000	67,000
Total Liabilities	8,424,000	8,094,000	7,923,000	7,825,000	8,146,000
Mezzanine (\$000)					
Minority Interest	0	0	0	0	0
Subsidiary Preferred	0	0	0	0	0
Total Minority Interest	0	0	0	0	0
Other Mezzanine Items	0	0	0	0	0
Total Mezzanine Level Items	0	0	0	0	0
Equity (\$000)					
Total Preferred Equity	0	0	0	0	0
Common Equity	1,601,000	2,117,000	2,369,000	2,682,000	3,274,000
Equity Attributable to Parent Company	1,601,000	2,117,000	2,369,000	2,682,000	3,274,000
Noncontrolling Interests	0	0	0	0	0
Total Equity	1,601,000	2,117,000	2,369,000	2,682,000	3,274,000
Tangible Common Equity	NA	NA	NA	NA	NA
Tangible Equity	NA	NA	NA	NA	NA
Capitalization (\$000)					
Equity & Mezzanine Preferred	1,601,000	2,117,000	2,369,000	2,682,000	3,274,000
Total Debt	4,859,000	4,865,000	4,753,000	4,716,000	5,232,000
Total Capitalization, at Book Value	6,460,000	6,982,000	7,122,000	7,398,000	8,506,000
Share Information					
Shares Issued	NA	NA	NA	NA	NA
Treasury Shares	NA	NA	NA	NA	NA
Common Shares Outstanding (actual)	NA	NA	NA	NA	NA
S&P Global Market Intelligence uses a variety of sources to retrieve financial information for each company we cover. For Energy companies, S&P Global Market Intelligence mines data from documents filed by the company, surveys, and other sources of public information.					
Stranded Cost Securitizations	2,673,958	2,283,000	1,871,000	1,437,000	1,261,000
Equity	1,601,000	2,117,000	2,369,000	2,682,000	3,274,000
Adjusted debt	2,185,042	2,582,000	2,882,000	3,279,000	3,971,000
Adjusted total capital	3,786,042	4,699,000	5,251,000	5,961,000	7,245,000
Percentage of Total Cap excluding Securitization Debt					
Adjusted Equity	42.3%	45.1%	45.1%	45.0%	45.2%
Adjusted Debt excluding stranded cost securitization	57.7%	54.9%	54.9%	55.0%	54.8%
	100.0%	100.0%	100.0%	100.0%	100.0%

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-34**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to pages 42-5 and the credit matrix used by S&P, Moody's, and Fitch, please: (1) indicate whether these agencies define debt as (a) short-term plus long debt or (b) only long-term debt; and (2) copies of the source documents used in (1).

ANSWER:

(1) It is Ms. Lapson's understanding that the credit rating agencies define debt as total short-term plus long-term debt and each agency also may include other adjustments to debt such as operating leases, pension funding deficiencies, etc. (2) See Attachment TCUC04-34.

The requested information is voluminous and will be provided to the propounding party only in electronic format via "SendThisFile". Please contact Alice Hart at (713) 207-5322 to request a copy of the file. Please see index of voluminous material below.

Date	Title	Preparer	Page	Number of Pages
	TCUC04-34 Attachment TCUC04-34.pdf	Ellen Lapson	1-220	220

SPONSOR (PREPARER):
Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:
TCUC04-34 Attachment TCUC 4-34.pdf

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864
TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-35**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 56, lines 17-20, please provide whether Mr. Hevert uses the operating companies or the holding companies to estimate a cost of equity capital for CEHE.

ANSWER:

Please refer to Mr. Hevert's Direct Testimony at page 22, lines 9-10. There, he notes that the Cost of Equity "must be estimated based on market data." Because the needed market data is not available at operating company level, Mr. Hevert uses data at the holding company level to estimate the cost of equity capital for CenterPoint Houston.

SPONSOR (PREPARER):

Robert B. Hevert (Robert B. Hevert)

RESPONSIVE DOCUMENTS:

None

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
2019 CEHE RATE CASE
DOCKET 49421-SOAH DOCKET NO. 473-19-3864**

**TEXAS COAST UTILITIES COALITION
REQUEST NO.: TCUC04-36**

QUESTION:

Regarding Ellen Lapson Rebuttal Testimony:

With reference to page 57, lines 16-19, please: define 'credit negative,' as used by Moody's; and (2) indicate whether 'credit negative' means 'credit downgrade.'

ANSWER:

(1) Ms. Lapson believes that 'credit negative' as used by Moody's means tending to reduce the support for the current credit rating. (2) Ms. Lapson does not know whether Moody's comment specifically referred to a credit downgrade or to a change in outlook from Stable to Negative.

SPONSOR (PREPARER):

Ellen Lapson (Ellen Lapson)

RESPONSIVE DOCUMENTS:

None

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of June 2019, a true and correct copy of the foregoing document was served on all parties of record in accordance with 16 Tex. Admin. Code § 22.74.


