Energy and CERC, as applicable, and as such, the earnings and expenses directly associated with these dispositions, including operating results of the businesses through the date of sale, are reflected as discontinued operations on CenterPoint Energy's and CERC's Statements of Consolidated Income, as applicable. As a result, prior periods have also been recast to reflect the earnings or losses from such businesses as income from discontinued operations, net of tax.

A summary of discontinued operations presented in CenterPoint Energy's Statements of Consolidated Income is as follows:

| | Year Ended December 31, 2021 |
|---|---|
| | Equity Method Investment in Enable |
| | (in millions) |
| Equity in earnings of unconsolidated affiliate, net | $ 1,019 |
| Income from discontinued operations before income taxes | 1,019 |
| Income tax expense | 201 |
| Net income from discontinued operations | $ 818 |

| | Year Ended December 31, 2020 | | | |
|---|---|---|---|---|
| | Equity Method Investment in Enable | Infrastructure Services Disposal Group | Energy Services Disposal Group | Total |
| | (in millions) | | | |
| Revenues | $ — | $ 250 | $ 1,167 | $ 1,417 |
| Expenses: | | | | |
| Non-utility cost of revenues | — | 50 | 1,108 | 1,158 |
| Operation and maintenance | — | 184 | 34 | 218 |
| Taxes other than income taxes | — | 1 | 3 | 4 |
| Total | — | 235 | 1,145 | 1,380 |
| Operating income | — | 15 | 22 | 37 |
| Equity in losses of unconsolidated affiliate, net (1) | (1,428) | — | — | (1,428) |
| Income (loss) from discontinued operations before income taxes | (1,428) | 15 | 22 | (1,391) |
| Loss on classification to held for sale, net (2) | — | (102) | (96) | (198) |
| Income tax expense (benefit) | (354) | 24 | (3) | (333) |
| Net loss from discontinued operations | $ (1,074) | $ (111) | $ (71) | $ (1,256) |

(1) CenterPoint Energy recognized a loss of $ 1,428 million from its investment in Enable for the year ended December 31, 2020. This loss included an impairment charge on CenterPoint Energy's investment in Enable of $ 1,541 million and CenterPoint Energy's interest in Enable's $ 225 million impairment on an equity method investment.

(2) Loss from classification to held for sale is inclusive of goodwill impairments, gains and losses recognized upon sale, and for CenterPoint Energy, its costs to sell.

A summary of the Energy Services Disposal Group presented as discontinued operations in CERC's Statements of Consolidated Income, as applicable, is as follows:

| | Year Ended December 31, 2020 |
|---|---|
| | CERC |
| | (in millions) |
| Revenues | $ 1,167 |
| Expenses: | |
| Non-utility cost of revenues | 1,108 |
| Operation and maintenance | 34 |
| Taxes other than income taxes | 3 |
| Total | 1,145 |
| Income from Discontinued Operations before income taxes | 22 |
| Loss on classification to held for sale, net (1) | (90) |
| Income tax expense (benefit) | (2) |
| Net income (loss) from Discontinued Operations | $ (66) |

(1) Loss from classification to held for sale is inclusive of goodwill impairment, gains and losses recognized upon sale, and for CenterPoint Energy, its costs to sell.

CenterPoint Energy and CERC have elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. Except as discussed in Note 2, l ong-lived assets are not depreciated or amortized once they are classified as held for sale. The following table summarizes CenterPoint Energy's and CERC's cash flows from discontinued operations and certain supplemental cash flow disclosures as applicable:

| | Year Ended December 31, 2021 |
|---|---|
| | CenterPoint Energy |
| | Equity Method Investment in Enable |
| | (in millions) |
| **Cash flows from operating activities:** | |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Gain on Enable Merger | $ (681) |
| Equity in earnings of unconsolidated affiliate | (339) |
| Distributions from unconsolidated affiliate | 155 |
| **Cash flows from investing activities:** | |
| Transaction costs related to the Enable Merger | (49) |
| Cash received related to Enable Merger | 5 |

| | Year Ended December 31, 2020 | | |
|---|---|---|---|
| | CenterPoint Energy | | |
| | Equity Method Investment in Enable | Infrastructure Services Disposal Group | Energy Services Disposal Group |
| | (in millions) | | |
| **Cash flows from operating activities:** | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Write-down of natural gas inventory | $ — | $ — | $ 3 |
| Equity in losses of unconsolidated affiliate | 1,428 | — | — |
| Distributions from unconsolidated affiliate | 113 | — | — |
| **Cash flows from investing activities:** | | | |
| Capital expenditures | — | 18 | 3 |
| Distributions from unconsolidated affiliate in excess of cumulative earnings | 80 | — | — |

| | Year Ended December 31, 2020 |
|---|---|
| | CERC |
| | Energy Services Disposal Group |
| | (in millions) |
| **Cash flows from operating activities:** | |
| Write-down of natural gas inventory | $ 3 |
| **Cash flows from investing activities:** | |
| Capital expenditures | 3 |

***Disposal of Investment in Enable (CenterPoint Energy).*** On December 2, 2021, Enable, completed the previously announced Enable Merger pursuant to the Enable Merger Agreement entered into on February 16, 2021. At the closing of the Enable Merger on December 2, 2021, Energy Transfer acquired 100 % of Enable's outstanding common and preferred units, and, as a result, Enable Common Units owned by CenterPoint Energy were exchanged for Energy Transfer Common Units and Enable Series A Preferred Units owned by CenterPoint Energy were exchanged for Energy Transfer Series G Preferred Units.

During the year ended December 31, 2022, CenterPoint Energy sold all of its remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units. See Note 11 for further information regarding Energy Transfer equity securities.

CenterPoint Energy evaluates its equity method investments, when not reflected as held for sale, for impairment when factors indicate that a decrease in the value of its investment has occurred and the carrying amount of its investment may not be recoverable. An impairment loss, based on the excess of the carrying value over the estimated fair value of the investment, is recognized in earnings when an impairment is deemed to be other than temporary. Considerable judgment is used in determining if an impairment loss is other than temporary and the amount of any impairment.

Based on the severity of the decline in the price of Enable Common Units during the three months ended March 31, 2020 primarily due to the macroeconomic conditions related in part to the COVID-19 pandemic, combined with Enable's announcement on April 1, 2020 to reduce its quarterly distributions per Enable Common Unit by 50 %, and the market outlook indicating excess supply and continued depressed crude oil and natural gas prices impacting the midstream oil and gas industry, CenterPoint Energy determined, in connection with its preparation of the financial statements, that an other than temporary decrease in the value of its investment in Enable had occurred. The impairment analysis compared the estimated fair value of CenterPoint Energy's investment in Enable to its carrying value. The fair value of the investment was determined using multiple valuation methodologies under both the market and income approaches. Both of these approaches incorporate significant estimates and assumptions, including:

Market Approach

- quoted price of Enable Common Units;
- recent market transactions of comparable companies; and
- EBITDA to total enterprise multiples for comparable companies.

Income Approach

- Enable's forecasted cash distributions;
- projected cash flows of incentive distribution rights;
- forecasted growth rate of Enable's cash distributions; and
- determination of the cost of equity, including market risk premiums.

Weighting of the Different Approaches

Significant unobservable inputs used include the growth rate applied to the projected cash distributions beyond 2020 and the discount rate used to determine the present value of the estimated future cash flows. Based on the significant unobservable estimates and assumptions required, CenterPoint Energy concluded that the fair value estimate should be classified as a Level 3 measurement within the fair value hierarchy. As a result of this analysis, CenterPoint Energy recorded an other than temporary impairment on its investment in Enable of $ 1,541 million during the year ended December 31, 2020, reducing the carrying value of the investment to its estimated fair value of $ 848 million as of March 31, 2020.

***Distributions Received from Enable (CenterPoint Energy):***

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Per Unit | Cash Distribution | Per Unit | Cash Distribution |
| | (in millions, except per unit amounts) | | | |
| Enable Common Units | $ 0.6610 | $ 155 | $ 0.8263 | $ 193 |
| Enable Series A Preferred Units (1) | 2.2965 | 34 | 2.5000 | 36 |
| **Total** | | $ 189 | | $ 229 |

(1) As of December 31, 2020, the Enable Series A Preferred Units annual distribution rate was 10 %. On February 18, 2021, five years after the issue date, the Enable Series A Preferred Units annual distribution rate changed to a percentage of the Stated Series A Liquidation Preference per Enable Series A Preferred Unit equal to the sum of (a) Three-Month LIBOR, as calculated on each applicable date of determination, and (b) 8.5 %.

***Transactions with Enable (CenterPoint Energy and CERC):***

The transactions with Enable through December 2, 2021 in the following tables exclude transactions with the Energy Services Disposal Group.

| | CenterPoint Energy and CERC | |
|---|---|---|
| | Year Ended December 31, | |
| | 2021 | 2020 |
| | (in millions) | |
| Natural gas expenses, including transportation and storage costs (1) | $ 85 | $ 86 |

(1) Included in Non-utility costs of revenues, including natural gas on CenterPoint Energy's and CERC's respective Statements of Consolidated Income.

***Summarized Financial Information for Enable (CenterPoint Energy)***

As a result of the closing of the Enable Merger in 2021, there were no assets classified as held for sale as of December 31, 2021. Summarized consolidated balance sheet information for Enable on the closing of the Enable Merger is as follows:

| | December 2, 2021 (1) |
|---|---|
| | (in millions) |
| Current assets | $ 594 |
| Non-current assets | 11,227 |
| Current liabilities | 1,254 |
| Non-current liabilities | 3,281 |
| Non-controlling interest | 26 |
| Preferred equity | 362 |
| Accumulated other comprehensive loss | ( 1 ) |
| Enable partners' equity | 6,899 |
| **Reconciliation of Investment in Enable:** | |
| CenterPoint Energy's ownership interest in Enable partners' equity | $ 3,701 |
| CenterPoint Energy's basis difference | ( 2,732 ) |
| CenterPoint Energy's equity method investment in Enable | $ 969 |

(1) Reflects balances as of the closing of the Enable Merger on December 2, 2021.

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

| | Year Ended December 31, | |
|---|---|---|
| | 2021 (1) | 2020 |
| | (in millions) | |
| Operating revenues | $ 3,466 | $ 2,463 |
| Cost of sales, excluding depreciation and amortization | 1,959 | 965 |
| Depreciation and amortization | 382 | 420 |
| Goodwill impairment | — | 28 |
| Operating income | 634 | 465 |
| Net income attributable to Enable Common Units | 461 | 52 |
| **Reconciliation of Equity in Earnings (Losses), net before income taxes:** | | |
| CenterPoint Energy's interest | $ 248 | $ 28 |
| Basis difference amortization (2) | 92 | 87 |
| Loss on dilution, net of proportional basis difference recognition | ( 1 ) | ( 2 ) |
| Impairment of CenterPoint Energy's equity method investment in Enable | — | ( 1,541 ) |
| Gain on Enable Merger | 680 | — |
| CenterPoint Energy's equity in earnings (losses), net before income taxes (3) | $ 1,019 | $ ( 1,428 ) |

(1) Reflects January 1, 2021 to December 2, 2021 results only due to the closing of the Enable Merger.
(2) Equity in earnings of unconsolidated affiliate includes CenterPoint Energy's share of Enable earnings adjusted for the amortization of the basis difference of CenterPoint Energy's original investment in Enable and its underlying equity in net assets of Enable. The basis difference was being amortized through the year 2048 and ceased upon closing of the Enable Merger.
(3) Reported as discontinued operations on CenterPoint Energy's Statements of Consolidated Income.

***Divestiture of Infrastructure Services (CenterPoint Energy).*** On February 3, 2020, CenterPoint Energy, through its subsidiary VUSI, entered into the Securities Purchase Agreement to sell the Infrastructure Services Disposal Group to PowerTeam Services. Subject to the terms and conditions of the Securities Purchase Agreement, PowerTeam Services agreed to purchase all of the outstanding equity interests of VISCO for approximately $ 850 million, subject to customary adjustments set forth in the Securities Purchase Agreement, including adjustments based on VISCO's net working capital at closing, indebtedness, cash and cash equivalents and transaction expenses. The transaction closed on April 9, 2020 for $ 850 million in cash, subject to the working capital adjustment. Additionally, as of December 31, 2020, CenterPoint Energy had a receivable from PowerTeam Services for working capital and other adjustments set forth in the Security Purchase Agreement. CenterPoint Energy collected a receivable of $ 4 million from PowerTeam Services in January 2021 for full and final settlement of the working capital adjustment under the Securities Purchase Agreement.

In February 2020, certain assets and liabilities representing the Infrastructure Services Disposal Group met the held for sale criteria and represented all of the businesses within the reporting unit. In accordance with the Securities Purchase Agreement, VISCO was converted from a wholly-owned corporation to a limited liability company that was disregarded for federal income tax purposes immediately prior to the closing of the transaction resulting in the sale of membership units. The sale was considered an asset sale for tax purposes, requiring net deferred tax liabilities of approximately $ 129 million as of April 9, 2020, the date the transaction closed, to be recognized as a deferred income tax benefit by CenterPoint Energy. Additionally, CenterPoint Energy recognized a current tax expense of $ 158 million during the year ended December 31, 2020, as a result of the cash taxes payable upon sale.

Upon classifying the Infrastructure Services Disposal Group as held for sale and in connection with the preparation of CenterPoint Energy's financial statements as of March 31, 2020, CenterPoint Energy recorded a goodwill impairment of approximately $ 82 million, plus an additional loss of $ 14 million for cost to sell, during the year ended December 31, 2020. CenterPoint Energy used the contractual sales price adjusted for estimated working capital and other contractual purchase price adjustments to determine fair value, which are Level 2 inputs. Using this market approach, the fair value of the Infrastructure Services Disposal Group as of March 31, 2020, was determined to be approximately $ 864 million. The same methodology was applied to estimate the fair value of the Infrastructure Services Disposal Group on the closing date and through the settlement of the net working capital adjustment. CenterPoint Energy recognized a net pre-tax loss of $ 6 million in connection with the closing of the disposition of the Infrastructure Services Disposal Group during the year ended December 31, 2020, respectively.

In the Securities Purchase Agreement, CenterPoint Energy agreed to a mechanism to reimburse PowerTeam Services subsequent to closing of the sale for certain amounts of specifically identified change orders that may have been ultimately rejected by one of VISCO's customers as part of on-going audits. CenterPoint Energy's maximum contractual exposure under the Securities Purchase Agreement, in addition to the amount reflected in the working capital adjustment, for these change orders was $ 21 million. This matter was resolved in 2022 with no amounts reimbursed by CenterPoint Energy.

***Divestiture of Energy Services (CenterPoint Energy and CERC).*** On February 24, 2020, CenterPoint Energy, through its subsidiary CERC Corp., entered into the Equity Purchase Agreement to sell the Energy Services Disposal Group to Symmetry Energy Solutions Acquisition. This transaction did not include CEIP and its assets or MES. Symmetry Energy Solutions Acquisition agreed to purchase all of the outstanding equity interests of the Energy Services Disposal Group for approximately $ 400 million, subject to customary adjustments set forth in the Equity Purchase Agreement, and inclusive of an estimate of the cash adjustment for the Energy Services Disposal Group's net working capital at closing, indebtedness and transaction expenses. The transaction closed on June 1, 2020 for approximately $ 286 million in cash, subject to the working capital adjustment. CenterPoint Energy collected a receivable of $ 79 million from Symmetry Energy Solutions Acquisition in October 2020 for full and final settlement of the working capital adjustment under the Equity Purchase Agreement.

In February 2020, certain assets and liabilities representing the Energy Services Disposal Group met the criteria to be classified as held for sale and represented substantially all of the businesses within the reporting unit. In accordance with the Equity Purchase Agreement, CES was converted from a wholly-owned corporation to a limited liability company that was disregarded for federal income tax purposes immediately prior to the closing of the transaction resulting in the sale of membership units. The sale was considered an asset sale for tax purposes, requiring the net deferred tax liability of approximately $ 4 million as of June 1, 2020, the date the transaction closed, to be recognized as a deferred tax benefit by CenterPoint Energy and CERC upon closing. Additionally, CenterPoint Energy and CERC recognized current tax expense of $ 4 million during the year ended December 31, 2020, respectively, as a result of the cash taxes payable upon sale.

Upon classifying the Energy Services Disposal Group as held for sale and in connection with the preparation of CenterPoint Energy's and CERC's respective financial statements as of March 31, 2020, CenterPoint Energy and CERC recorded a goodwill impairment of approximately $ 62 million during the year ended December 31, 2020. CenterPoint Energy and CERC used the contractual sales price adjusted for estimated working capital and other contractual purchase price adjustments to determine fair value, which are Level 2 inputs. Using this market approach, the fair value of the Energy Services Disposal Group as of March 31, 2020, was determined to be approximately $ 402 million. The same methodology was applied to estimate the fair value of the Energy Services Disposal Group on the closing date and through the settlement of the net working capital adjustment. Additionally, CenterPoint Energy recognized a loss on assets held for sale of approximately $ 31 million, plus an additional loss $ 6 million for cost to sell, recorded only at CenterPoint Energy during the year ended December 31, 2020. CenterPoint Energy and CERC recognized a gain on sale of $ 3 million during the year ended December 31, 2020.

*Other Sale Related Matters of Infrastructure Services and Energy Services (CenterPoint Energy and CERC).* CES provided natural gas supply to CenterPoint Energy's and CERC's Natural Gas under contracts executed in a competitive bidding process, with the duration of some contracts extending into 2021. In addition, CERC is the natural gas transportation provider for a portion of CES's customer base and will continue to be the transportation provider for these customers as long as these customers retain a relationship with the divested CES business.

Transactions between CES and CenterPoint Energy's and CERC's Natural Gas that were previously eliminated in consolidation have been reflected in continuing operations until the closing of the sale of the Energy Services Disposal Group. Revenues and expenses included in continuing operations were as follows:

| | Year Ended December 31, 2020 (1) | |
|---|---|---|
| | CenterPoint Energy | CERC |
| | (in millions) | |
| Transportation revenue | $ 34 | $ 34 |
| Natural gas expense | 48 | 47 |

(1) Represents charges for the period January 1, 2020 until the closing of the sale of the Energy Services Disposal Group.

In the normal course of business prior to June 1, 2020, the Energy Services Disposal Group through CES traded natural gas under supply contracts and entered into natural gas related transactions under transportation, storage and other contracts. In connection with the Energy Services Disposal Group's business activities prior to the closing of the sale of the Energy Services Disposal Group on June 1, 2020, CERC Corp. issued guarantees to certain of CES's counterparties to guarantee the payment of CES's obligations.

CenterPoint Energy's and CERC's Natural Gas businesses had AMAs associated with their utility distribution service in Arkansas, Louisiana and Oklahoma with the Energy Services Disposal Group that expired in March 2021. See Note 15 for further information.

The Infrastructure Services Disposal Group provided pipeline construction and repair services to CenterPoint Energy's and CERC's Natural Gas. In accordance with consolidation guidance in ASC 980—Regulated Operations, costs incurred by Natural Gas utilities for these pipeline construction and repair services are not eliminated in consolidation when capitalized and included in rate base by the Natural Gas utility. Amounts charged for these services that are not capitalized are included primarily in Operation and maintenance expenses.

Fees incurred by CenterPoint Energy's and CERC's Natural Gas reportable segment for pipeline construction and repair services are as follows:

| | Year Ended December 31, 2020 (1) | |
|---|---|---|
| | CenterPoint Energy | CERC |
| | (in millions) | |
| Pipeline construction and repair services capitalized | $ 34 | $ — |
| Pipeline construction and repair service charges in operations and maintenance expense | 1 | 1 |

(1) Represents charges for the period January 1, 2020 until the closing of the sale of the Infrastructure Services Disposal Group.

**(5) Revenue Recognition**

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Registrants expect to be entitled to receive in exchange for these goods or services.

The following tables disaggregate revenues by reportable segment and major source and exclude operating revenues from the Energy Services and Infrastructure Services Disposal Groups, which are reflected as discontinued operations prior to the date of closing of each transaction. See Note 4 for further information.

**CenterPoint Energy**

| | Year Ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Electric | Natural Gas | Corporate and Other | Total |
| | (in millions) | | | |
| Revenue from contracts | $ 4,095 | $ 4,969 | $ 263 | $ 9,327 |
| Other (1) | 13 | (23) | 4 | (6) |
| Total revenues | $ 4,108 | $ 4,946 | $ 267 | $ 9,321 |

| | Year Ended December 31, 2021 | | | |
|---|---|---|---|---|
| | Electric | Natural Gas | Corporate and Other | Total |
| | (in millions) | | | |
| Revenue from contracts | $ 3,726 | $ 4,281 | $ 249 | $ 8,256 |
| Other (1) | 37 | 55 | 4 | 96 |
| Total revenues | $ 3,763 | $ 4,336 | $ 253 | $ 8,352 |

| | Year Ended December 31, 2020 | | | |
|---|---|---|---|---|
| | Electric | Natural Gas | Corporate and Other | Total |
| | (in millions) | | | |
| Revenue from contracts | $ 3,451 | $ 3,586 | $ 313 | $ 7,350 |
| Other (1) | 19 | 45 | 4 | 68 |
| Total revenues | $ 3,470 | $ 3,631 | $ 317 | $ 7,418 |

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Total lease income was $ 7 million, $ 7 million and $ 6 million for each of the years ended December 31, 2022, 2021 and 2020, respectively.

**Houston Electric**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions) | | |
| Revenue from contracts | $ 3,417 | $ 3,117 | $ 2,896 |
| Other (1) | ( 5 ) | 17 | 15 |
| Total revenues | $ 3,412 | $ 3,134 | $ 2,911 |

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Lease income was not significant for the years ended December 31, 2022, 2021, and 2020.

**CERC**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions) | | |
| Revenue from contracts | $ 4,816 | $ 4,148 | $ 3,480 |
| Other (1) | ( 16 ) | 52 | 51 |
| Total revenues | $ 4,800 | $ 4,200 | $ 3,531 |

(1) Primarily consists of income from ARPs and leases. ARPs are contracts between the utility and its regulators, not between the utility and a customer. The Registrants recognize ARP revenue as other revenues when the regulator-specified conditions for recognition have been met. Upon recovery of ARP revenue through incorporation in rates charged for utility service to customers, ARP revenue is reversed and recorded as revenue from contracts with customers. The recognition of ARP revenues and the reversal of ARP revenues upon recovery through rates charged for utility service may not occur in the same period. Lease income was $ 3 million, $ 3 million and less than $ 2 million, respectively, for the years ended December 31, 2022, 2021 and 2020.

**Revenues from Contracts with Customers**

***Electric (CenterPoint Energy and Houston Electric).*** Houston Electric distributes electricity to customers over time and customers consume the electricity when delivered. Indiana Electric generates, distributes and transmits electricity to customers over time, and customers consume the electricity when delivered. Revenue, consisting of both volumetric and fixed tariff rates set by state regulators, such as the PUCT and the IURC, is recognized as electricity is delivered and represents amounts both billed and unbilled. Discretionary services requested by customers are provided at a point in time with control transferring upon the completion of the service. Revenue for discretionary services provided by Houston Electric is recognized upon completion of service based on the tariff rates set by the PUCT. Payments for electricity distribution and discretionary services are aggregated and received on a monthly basis. Houston Electric performs transmission services over time as a stand-ready obligation to provide a reliable network of transmission systems. Revenue is recognized upon time elapsed, and the monthly tariff rate set by the regulator. Payments are received on a monthly basis. Indiana Electric customers are billed monthly and payment terms, set by the regulator, require payment within a month of billing.

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

***Contract Balances.*** When the timing of delivery of service is different from the timing of the payments made by customers and when the right to consideration is conditioned on something other than the passage of time, the Registrants recognize either a contract asset (performance precedes billing) or a contract liability (customer payment precedes performance). Those customers that prepay are represented by contract liabilities until the performance obligations are satisfied. The Registrants' contract assets are included in Accrued unbilled revenues in their Consolidated Balance Sheets. As of December 31, 2022, CenterPoint Energy's contract assets primarily relate to Energy Systems Group contracts where revenue is recognized using the input method. The Registrants' contract liabilities are included in Accounts payable and Other current liabilities in their Consolidated Balance Sheets. On an aggregate basis as of December 31, 2022, CenterPoint Energy's contract liabilities primarily relate to Energy Systems Group contracts where revenue is recognized using the input method.

The opening and closing balances of accounts receivable, other accrued unbilled revenue, contract assets and contract liabilities from contracts with customers are as follows:

**CenterPoint Energy**

| | Accounts Receivable | Other Accrued Unbilled Revenues | Contract Assets | Contract Liabilities |
|---|---|---|---|---|
| | | (in millions) | | |
| Opening balance as of December 31, 2021 | $ 627 | $ 513 | $ 15 | $ 16 |
| Closing balance as of December 31, 2022 | 858 | 764 | 4 | 45 |
| Increase (decrease) | $ 231 | $ 251 | $ ( 11 ) | $ 29 |

The amount of revenue recognized in the year ended December 31, 2022 that was included in the opening contract liability was $ 15 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between CenterPoint Energy's performance and the customer's payment.

**Houston Electric**

| | Accounts Receivable | Other Accrued Unbilled Revenues | Contract Liabilities |
|---|---|---|---|
| | | (in millions) | |
| Opening balance as of December 31, 2021 | $ 225 | $ 127 | $ 4 |
| Closing balance as of December 31, 2022 | 271 | 142 | 2 |
| Increase (decrease) | $ 46 | $ 15 | $ ( 2 ) |

The amount of revenue recognized in the year ended December 31, 2022 that was included in the opening contract liability was $ 4 million. The difference between the opening and closing balances of the contract liabilities primarily results from the timing difference between Houston Electric's performance and the customer's payment.

**CERC**

| | Accounts Receivable | Other Accrued Unbilled Revenues |
|---|---|---|
| | (in millions) | |
| Opening balance as of December 31, 2021 | $ 319 | $ 335 |
| Closing balance as of December 31, 2022 | 478 | 573 |
| Increase | $ 159 | $ 238 |

CERC does not have any opening or closing contract asset or contract liability balances.

***Remaining Performance Obligations (CenterPoint Energy).*** The table below discloses (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for contracts and (2) when CenterPoint Energy expects to recognize this revenue. Such contracts include energy performance and sustainable infrastructure services contracts of Energy Systems Group, which are included in Corporate and Other.

| | Rolling 12 Months | Thereafter | Total |
|---|---|---|---|
| | | (in millions) | |
| Revenue expected to be recognized on contracts in place as of December 31, 2022: | | | |
| Corporate and Other | $ 288 | $ 562 | $ 850 |
| | $ 288 | $ 562 | $ 850 |

***Practical Expedients and Exemption.*** Sales taxes and other similar taxes collected from customers are excluded from the transaction price. For contracts for which revenue from the satisfaction of the performance obligations is recognized in the amount invoiced, the practical expedient was elected and revenue expected to be recognized on these contracts has not been disclosed.

**Allowance for Credit Losses and Bad Debt Expense**

CenterPoint Energy and CERC segregate financial assets that fall under the scope of Topic 326, primarily trade receivables due in one year or less, into portfolio segments based on shared risk characteristics, such as geographical location and regulatory environment, for evaluation of expected credit losses. Historical and current information, such as average write-offs, are applied to each portfolio segment to estimate the allowance for losses on uncollectible receivables. Additionally, the allowance for losses on uncollectible receivables is adjusted for reasonable and supportable forecasts of future economic conditions, which can include changing weather, commodity prices, regulations, and macroeconomic factors, among others. Houston Electric had no material changes in its methodology to recognize losses on financial assets that fall under the scope of Topic 326, primarily due to the nature of its customers and regulatory environment. For a discussion of regulatory deferrals, including those related to COVID-19, see Note 7.

The table below summarizes the Registrants' bad debt expense amounts for 2022, 2021 and 2020, net of regulatory deferrals, including those related to COVID-19:

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | | | | | (in millions) | | | | |
| Bad debt expense | $ 20 | $ — | $ 17 | $ 12 | $ — | $ 10 | $ 24 | $ — | $ 21 |
| Bad debt expense deferred as regulatory asset | $ — | $ — | $ — | $ 16 | $ 8 | $ 8 | $ 17 | $ — | $ 16 |

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

CenterPoint Energy's goodwill by reportable segment as of both December 31, 2022 and December 31, 2021 is as follows:

| | (in millions) |
|---|---|
| Electric (1) | $ 936 |
| Natural Gas (2) | 2,920 |
| Corporate and Other | 438 |
| Total | $ 4,294 |

CERC's goodwill has been recast to reflect the Restructuring and as of both December 31, 2022 and December 31, 2021 is as follows:

| | (in millions) |
|---|---|
| Goodwill (2) (3) | $ 1,583 |

(1) Amount presented is net of the accumulated goodwill impairment charge of $ 185 million recorded in 2020.
(2) Excludes $ 398 million and $ 144 million, respectively, of goodwill attributable to the Arkansas and Oklahoma Natural Gas businesses which was reflected on CenterPoint Energy's and CERC's respective Condensed Consolidated Balance Sheets in Current assets held for sale as of December 31, 2021 and disposed following the completion of the sale in January 2022. For further information, see Note 4.
(3) Includes $ 972 million of goodwill attributable to the businesses transferred in the Restructuring as of both December 31, 2022 and December 31, 2021. See below for a discussion of the goodwill valuation determination.

When the net assets or equity interest transferred in a common-control transaction constitute a business, goodwill is included with the net assets transferred at the parent company's historical basis. CenterPoint Energy applied a relative fair value methodology to determine the amount of goodwill to allocate to CERC from its natural gas reporting unit as part of the Restructuring.

When a disposal group reflects a component of a reporting unit and meets the definition of a business, the goodwill within that reporting unit is allocated to the disposal group based on the relative fair value of the components representing a business that will be retained and disposed. As a result, goodwill attributable to the Natural Gas businesses to be disposed is classified as held for sale as of December 31, 2021, and excluded from the table above. Goodwill attributable to MES was reflected in the gain on sale during the year ended December 31, 2021. See Note 4 for goodwill impairments included within discontinued operations.

CenterPoint Energy and CERC perform goodwill impairment tests at least annually and evaluate goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. The impairment evaluation for goodwill is performed by comparing the fair value of each reporting unit with the carrying amount of the reporting unit, including goodwill. The reporting units approximate the reportable segments, with the exception of Energy Systems Group, which is a separate reporting unit but included in Corporate and Other at CenterPoint Energy. The estimated fair value of the reporting unit is primarily determined based on an income approach or a weighted combination of income and market approaches. If the carrying amount is in excess of the estimated fair value of the reporting unit, then the excess amount is recorded as an impairment charge, not to exceed the carrying amount of goodwill. See Note 2(g) for further discussion.

CenterPoint Energy and CERC performed the annual goodwill impairment tests in the third quarter of each of 2022 and 2021 and determined that no goodwill impairment charge was required for any reporting unit as a result of those tests.

In connection with their preparation of the financial statements for the three months ended March 31, 2020, CenterPoint Energy and CERC identified triggering events to perform interim goodwill impairment tests for each of their reporting units due to the macroeconomic conditions related in part to the COVID-19 pandemic and the resulting decrease in CenterPoint Energy's enterprise market capitalization below book value from the decline in CenterPoint Energy's Common Stock price. The interim impairment test resulted in a non-cash goodwill impairment charge in the amount of $ 185 million for a reporting unit, Indiana Electric, within the Electric reportable segment. The fair value analysis resulted in an implied fair value of goodwill of $ 936 million for this reporting unit as of March 31, 2020, and as a result, the non-cash impairment charge was recorded in the year ended December 31, 2020. CenterPoint Energy estimated the fair value of the Indiana Electric reporting unit using primarily an income approach. Under the income approach, the fair value of the reporting unit is determined by using the present value of future expected cash flows, which include management's projections of the amount and timing of future capital expenditures and the cash inflows from the related regulatory recovery. These estimated future cash flows are then discounted using a rate that approximates the weighted average cost of capital of a market participant. The selection of the discount rate requires significant judgment.

The tables below present information on CenterPoint Energy's other intangible assets recorded in Other Assets on the Consolidated Balance Sheets and the related amortization expense included in Depreciation and amortization on CenterPoint Energy's Statements of Consolidated Income, unless otherwise indicated in the tables below.

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Balance | Gross Carrying Amount | Accumulated Amortization | Net Balance |
| | (in millions) | | | | | |
| Customer relationships | $ 33 | $ (16) | $ 17 | $ 33 | $ (12) | $ 21 |
| Trade names | 16 | (6) | 10 | 16 | (5) | 11 |
| Operation and maintenance agreements (1) | 12 | (2) | 10 | 12 | (1) | 11 |
| Other | 2 | (1) | 1 | 2 | (1) | 1 |
| Total | $ 63 | $ (25) | $ 38 | $ 63 | $ (19) | $ 44 |

(1) Amortization expense related to the operation and maintenance agreements and construction backlog is included in Non-utility cost of revenues, including natural gas on CenterPoint Energy's Statements of Consolidated Income.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions) | | |
| Amortization expense of intangible assets recorded in Depreciation and amortization (1) | $ 6 | $ 6 | $ 6 |
| Amortization expense of intangible assets recorded in Non-utility cost of revenues, including natural gas (2) | 1 | 1 | 2 |

(1) Assets held for sale are not amortized. The table reflects amortization on continuing operations. For further information on discontinued operations, see Note 4.

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

| | Amortization Expense |
|---|---|
| | (in millions) |
| 2023 | $ 6 |
| 2024 | 5 |
| 2025 | 5 |
| 2026 | 5 |
| 2027 | 4 |

**(7) Regulatory Matters**

The following is a list of regulatory assets and liabilities, excluding amounts related to the Arkansas and Oklahoma Natural Gas businesses classified as held for sale as of December 31, 2021, reflected on the Registrants' respective Consolidated Balance Sheets as of December 31, 2022 and 2021. For information about regulatory assets and liabilities in held for sale, see Note 4.

| | December 31, 2022 | | |
|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC |
| | | (in millions) | |
| **Regulatory Assets:** | | | |
| **Future amounts recoverable from ratepayers related to:** | | | |
| Benefit obligations (1) | $ 392 | $ — | $ 5 |
| Asset retirement obligations & other | 237 | 64 | 155 |
| Net deferred income taxes | 83 | 34 | 40 |
| Total future amounts recoverable from ratepayers | 712 | 98 | 200 |
| **Amounts deferred for future recovery related to:** | | | |
| Extraordinary gas costs | 1,073 | — | 1,073 |
| Cost recovery riders | 133 | — | 57 |
| Hurricane and February 2021 Winter Storm Event restoration costs | 129 | 113 | 16 |
| Other regulatory assets | 129 | 46 | 67 |
| Gas recovery costs | 108 | — | 108 |
| Decoupling | 3 | — | 3 |
| COVID-19 incremental costs | 13 | 8 | 5 |
| TEEEF costs | 182 | 182 | — |
| Unrecognized equity return (2) | (54) | (27) | (5) |
| Total amounts deferred for future recovery | 1,716 | 322 | 1,324 |
| **Amounts currently recovered in customer rates related to:** | | | |
| Authorized trackers and cost deferrals | 499 | 25 | 369 |
| Securitized regulatory assets | 229 | 229 | — |
| Unamortized loss on reacquired debt and hedging | 88 | 64 | 12 |
| Gas recovery costs | 79 | — | 30 |
| Extraordinary gas costs | 294 | — | 294 |
| Regulatory assets related to TCJA | 47 | 47 | — |
| Hurricane Harvey restoration costs | 30 | 30 | — |
| Benefit obligations | 18 | 18 | — |
| Unrecognized equity return (3) | (134) | (55) | (49) |
| Total amounts recovered in customer rates (4) | 1,150 | 358 | 656 |
| **Total Regulatory Assets** | $ 3,578 | $ 778 | $ 2,180 |
| **Total Current Regulatory Assets (5)** | $ 1,385 | $ — | $ 1,336 |
| **Total Non-Current Regulatory Assets** | $ 2,193 | $ 778 | $ 844 |
| | | | |
| **Regulatory Liabilities:** | | | |
| Regulatory liabilities related to TCJA | $ 1,436 | $ 716 | $ 536 |
| Estimated removal costs | 1,338 | 158 | 1,097 |
| Other regulatory liabilities | 496 | 281 | 193 |
| **Total Regulatory Liabilities** | $ 3,270 | $ 1,155 | $ 1,826 |
| **Total Current Regulatory Liabilities (6)** | $ 25 | $ — | $ 25 |
| **Total Non-Current Regulatory Liabilities** | $ 3,245 | $ 1,155 | $ 1,801 |

| | December 31, 2021 | | |
|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | |
| **Regulatory Assets:** | | | |
| **Future amounts recoverable from ratepayers related to:** | | | |
| Benefit obligations (1) | $ 412 | $ — | $ 5 |
| Asset retirement obligations & other | 240 | 45 | 171 |
| Net deferred income taxes | 41 | 29 | 5 |
| Total future amounts recoverable from ratepayers | 693 | 74 | 181 |
| **Amounts deferred for future recovery related to:** | | | |
| Extraordinary gas costs | 1,528 | — | 1,517 |
| Cost recovery riders | 124 | — | 51 |
| Hurricane and February 2021 Winter Storm Event restoration costs | 105 | 105 | — |
| Other regulatory assets | 94 | 57 | 37 |
| Gas recovery costs | 29 | — | 29 |
| Decoupling | 25 | — | 25 |
| COVID-19 incremental costs | 23 | 8 | 15 |
| TEEEF costs | 21 | 21 | — |
| Unrecognized equity return | (28) | (3) | (4) |
| Total amounts deferred for future recovery | 1,921 | 188 | 1,670 |
| **Amounts currently recovered in customer rates related to:** | | | |
| Authorized trackers and cost deferrals | 504 | 24 | 363 |
| Securitized regulatory assets | 420 | 420 | — |
| Unamortized loss on reacquired debt and hedging | 92 | 67 | 11 |
| Gas recovery costs | 72 | — | 59 |
| Extraordinary gas costs | 66 | — | 66 |
| Regulatory assets related to TCJA | 48 | 46 | 2 |
| Hurricane Harvey restoration costs | 43 | 43 | — |
| Benefit obligations | 28 | 24 | 4 |
| Unrecognized equity return (3) | (171) | (97) | (47) |
| Total amounts recovered in customer rates | 1,102 | 527 | 458 |
| **Total Regulatory Assets** | $ 3,716 | $ 789 | $ 2,309 |
| **Total Current Regulatory Assets (5)** | $ 1,395 | $ — | $ 1,371 |
| **Total Non-Current Regulatory Assets** | $ 2,321 | $ 789 | $ 938 |
| | | | |
| **Regulatory Liabilities:** | | | |
| Regulatory liabilities related to TCJA | $ 1,389 | $ 738 | $ 573 |
| Estimated removal costs | 1,304 | 229 | 994 |
| Other regulatory liabilities | 481 | 205 | 149 |
| **Total Regulatory Liabilities** | $ 3,174 | $ 1,172 | $ 1,716 |
| **Total Current Regulatory Liabilities (6)** | $ 21 | $ 20 | $ 1 |
| **Total Non-Current Regulatory Liabilities** | $ 3,153 | $ 1,152 | $ 1,715 |

(1) Pension and postretirement-related regulatory assets balances are measured annually, and the ending amortization period may change based on the actuarial valuation.

(2) Represents the following: (a) CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with investments in Indiana; (b) Houston Electric's allowed equity return on TEEEF costs and storm restoration costs; and (c) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas.

(3) Represents the following: (a) CenterPoint Energy's allowed equity return on post in-service carrying cost generally associated with investments in Indiana; (b) Houston Electric's allowed equity return on its true-up balance of stranded costs, other changes and related interest resulting from the formerly integrated electric utilities prior to Texas deregulation to be recovered in rates through 2024 and certain storm restoration balances; and (c) CERC's allowed equity return on post in-service carrying cost associated with certain distribution facilities replacements expenditures in Texas.

(4) Of the $ 1.2 billion, $ 358 million and $ 656 million currently being recovered in customer rates related to CenterPoint Energy, Houston Electric and CERC, respectively, $ 390 million, $ 294 million and $ 96 million is earning a return, respectively. The weighted average recovery period of regulatory assets currently being recovered in base rates, not earning a return, which totals $ 531 million, $ 64 million and $ 424 million for CenterPoint Energy, Houston Electric and CERC, respectively, is 11 years, 28 years and 7 years, respectively. Regulatory assets not earning a return with perpetual or undeterminable lives have been excluded from the weighted average recovery period calculation.

(5) Current regulatory assets for both CenterPoint Energy and CERC include extraordinary gas costs of $ 1,175 million as of December 31, 2022 and $ 1,256 million and $ 1,245 million, respectively, as of December 31, 2021.

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

The table below reflects the amount of allowed equity return recognized by each Registrant in its Statements of Consolidated Income:

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | | | | |
| Allowed equity return recognized | $ 45 | $ 42 | $ 2 | $ 40 | $ 37 | $ 2 | $ 31 | $ 31 | $ — |

***Indiana Electric Securitization of Planned Generation Retirements (CenterPoint Energy)***

The State of Indiana has enacted legislation, Senate Bill 386, that would enable CenterPoint Energy to request approval from the IURC to securitize the remaining book value and removal costs associated with certain generating facilities not more than twenty-four months before the unit is retired. The Governor of Indiana signed the legislation on April 19, 2021. On May 10, 2022, CenterPoint Energy (Indiana Electric) filed an application with the IURC to securitize qualified costs associated with its planned retirements of coal generation facilities. Total qualified costs are estimated at $ 359 million, of which $ 350 million would be financed and $ 9 million are estimated total ongoing costs. A hearing was held before the IURC on September 7, 2022 and a final order was received on January 4, 2023 authorizing the issuance of up to $ 350 million in securitization bonds. As a result of this order, CenterPoint Energy will reclassify property, plant and equipment to be recovered through securitization to a regulatory asset during the first quarter of 2023.

***February 2021 Winter Storm Event***

In February 2021, certain of the Registrants' jurisdictions experienced an extreme and unprecedented winter weather event that resulted in prolonged freezing temperatures, which impacted their businesses. In Texas, the February 2021 Winter Storm Event caused an electricity generation shortage that was severely disruptive to Houston Electric's service territory and the wholesale generation market. While demand for electricity reached extraordinary levels due to the extreme cold, the supply of electricity significantly decreased in part because of the inability of certain power generation facilities to supply electric power to the grid. Houston Electric does not own or operate any electric generation facilities other than TEEEF. Houston Electric transmits and distributes to customers of REPs electric power that the REPs obtain from power generation facilities owned by third parties. ERCOT serves as the independent system operator and regional reliability coordinator for member electric power systems in most of Texas. To comply with ERCOT's orders, Houston Electric implemented controlled outages across its service territory, resulting in a substantial number of businesses and residents being without power, many for extended periods of time, in compliance with ERCOT's directives as an emergency procedure to avoid prolonged large-scale state-wide blackouts and long-term damage to the electric system in Texas. In anticipation of this weather event, Houston Electric implemented its emergency operations plan's processes and procedures necessary to respond to such events, including establishing an incident command center and calling for mutual assistance from other utilities where needed, among other measures. Throughout the February 2021 Winter Storm Event, Houston Electric remained in contact with its regulators and stakeholders, including federal, state and local officials, as well as the PUCT and ERCOT.

The February 2021 Winter Storm Event also impacted wholesale prices of CenterPoint Energy's and CERC's natural gas purchases and their ability to serve customers in their Natural Gas service territories, including due to the reduction in available natural gas capacity and impacts to CenterPoint Energy's and CERC's natural gas supply portfolio activities, and the effects of weather on their systems and their ability to transport natural gas, among other things. The overall natural gas market, including the markets from which CenterPoint Energy and CERC sourced a significant portion of their natural gas for their operations, experienced significant impacts caused by the February 2021 Winter Storm Event, resulting in extraordinary increases in the price of natural gas purchased by CenterPoint Energy and CERC.

On February 13, 2021, the Railroad Commission authorized each Texas natural gas distribution utility to record in a regulatory asset the extraordinary expenses associated with the February 2021 Winter Storm Event, including, but not limited to, natural gas cost and other costs related to the procurement and transportation of natural gas supply, subject to recovery in future regulatory proceedings. The Texas governor signed legislation in June 2021 that authorizes the Railroad Commission to use securitization financing and the issuance of customer rate relief bonds for recovery of extraordinary natural gas costs incurred by natural gas utilities as a result of the February 2021 Winter Storm Event. On November 12, 2021, the RRC issued a Regulatory Asset Determination Order which authorized CERC to include $ 1.1 billion in a regulatory asset which should be included for recovery through customer rate relief bond financing. In addition, CenterPoint Energy's and CERC's Natural Gas utilities in jurisdictions outside of Texas deferred under-recovered natural gas cost as regulatory assets under existing recovery mechanisms and are seeking recovery of the increased cost of natural gas. As of December 31, 2022, both CenterPoint Energy and CERC have recorded current regulatory assets of $ 1,175 million and non-current regulatory assets of $ 202 million associated with the February 2021 Winter Storm Event. As of December 31, 2021, CenterPoint Energy and CERC have recorded current regulatory assets of $ 1,410 million and $ 1,399 million, respectively, of which $ 154 million related to Arkansas and Oklahoma are reflected as held for sale at both CenterPoint Energy and CERC, and non-current regulatory assets of $ 583 million and $ 583 million respectively, of which $ 244 million related to Arkansas and Oklahoma are reflected as held for sale at both CenterPoint Energy and CERC, associated with the February 2021 Winter Storm Event. See Note 4 for further information.

Amounts for the under recovery of natural gas costs associated with the February 2021 Winter Storm Event are reflected in current and non-current regulatory assets on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. Recovery of natural gas costs within the regulatory assets as of December 31, 2022 is probable and may be subject to customary regulatory prudence reviews in all jurisdictions that may impact the amounts ultimately recovered. CenterPoint Energy and CERC has approximately $ 75 million of the total $ 2 billion of natural gas costs incurred during the February 2021 Winter Storm Event remaining under prudence review. CenterPoint Energy and CERC have begun recovery of natural gas costs in Louisiana and Minnesota, and recovery of natural gas costs in Indiana and Mississippi is complete. CenterPoint Energy and CERC have filed for securitization of natural gas costs in Texas, received commission approval and issuance of a financing order in 2022, and expect the Texas Public Financing Authority to issue customer rate relief bonds in first half of 2023. As part of the closing of the sale of CenterPoint Energy's and CERC's Natural Gas businesses in Arkansas and Oklahoma, CERC received as part of the purchase price $ 398 million for unrecovered natural gas costs associated with the February 2021 Winter Storm Event. In Minnesota, testimonies were filed in CERC's high gas cost prudency review case by intervenors proposing significant disallowances for all natural gas utilities and for CERC, ranging from $ 45 million to $ 409 million. The natural gas costs in Minnesota were incurred in accordance with the plan on file with the MPUC and CenterPoint Energy believes the costs were prudently incurred and are eligible for recovery. In May 2022, the administrative law judges reviewing the gas prudency case concluded that CERC acted prudently in connection with the February 2021 Winter Storm Event and recommended no disallowance of CERC's jurisdictional gas costs incurred during the event. The commissioners of the MPUC heard oral arguments on the administrative law judges' report and held deliberations in August 2022. At the deliberations, the MPUC generally found that CERC acted prudently, but it determined that CERC could have done more to offset costs with natural gas storage, peak shaving resources (LNG and propane-air) and curtailment of service to interruptible commercial/industrial customers. As a result, the MPUC disallowed recovery of approximately $ 36 million of the $ 409 million originally requested and CERC's regulatory asset balance as of September 30, 2022 was reduced to reflect the disallowance. Other natural gas utilities in Minnesota received disallowances related to similar topics in a similar proportion to their gas costs. Further, the MPUC required all regulated natural gas utilities to make a filing explaining how they can improve or modify their practices to protect ratepayers from extraordinary natural gas price spikes in the future. CERC made its compliance filing on September 15, 2022. On October 19, 2022, the MPUC issued its written order. CERC filed a petition for reconsideration on November 8, 2022 and a written order denying the petition for reconsideration was issued on January 6, 2023.

As of both December 31, 2022 and 2021, as authorized by the PUCT, CenterPoint Energy and Houston Electric recorded a regulatory asset of $ 8 million for bad debt expenses resulting from REPs' default on their obligation to pay delivery charges to Houston Electric net of collateral. Additionally, as of December 31, 2022 and 2021, CenterPoint Energy and Houston Electric recorded a regulatory asset of $ 16 million and $ 15 million, respectively, to defer operations and maintenance costs associated with the February 2021 Winter Storm Event.

See Note 15(d) for further information regarding litigation related to the February 2021 Winter Storm Event.

***Houston Electric TEEEF***

Pursuant to legislation passed in 2021, Houston Electric entered into two leases for TEEEF (mobile generation) which are detailed in Note 20. Houston Electric sought initial recovery of the lease costs for the TEEEF and the operational costs for transportation, mobilization and demobilization, labor and materials for interconnections, fuel for commissioning, testing and operation, purchase and lease of auxiliary equipment, and labor and materials for operations in its 2022 DCRF application. Houston Electric filed its DCRF application with the PUCT on April 5, 2022, and subsequently amended such filing on July 1, 2022 to show mobile generation in a separate Rider TEEEF, seeking recovery of deferred costs and the applicable return as of December 31, 2021 under these lease agreements of approximately $ 200 million. The annual revenue increase requested for these lease agreements is approximately $ 57 million. Intervenors in the proceeding filed testimony on September 16, 2022 challenging the acquisition and deployment of TEEEF and have recommended disallowances based on the overall contractual obligations. Houston Electric's rebuttal testimony was filed on October 5, 2022 responding to intervenor positions, including estimating a financial loss impact ranging from $ 335 million to $ 354 million if the PUCT disallows recovery of TEEEF costs and the termination clause under the long-term lease is exercised. The termination clause in the long-term lease agreement, as amended, contains certain provisions that allow Houston Electric to terminate the lease within a specific window effective between October 1, 2022, and December 31, 2023 based upon a material adverse regulatory action. Houston Electric's exposure to loss in the event of a full disallowance of TEEEF related investments, and assuming Houston Electric is unable to exercise the termination clause prior to its expiration, includes the lease costs deferred as a regulatory asset and finance ROU assets further discussed in Note 20, in addition to the allowed return and other related costs incurred through the date of disallowance. On October 13, 2022, the PUCT staff filed a statement of position recommending a longer amortization period for the short-term lease, deferral of associated rate case expenses to the next base rate proceeding and exclusion of the retail transmission rate class from allocation of TEEEF costs. Houston Electric indicated to the PUCT staff that it did not oppose their recommendations. The PUCT staff also reserved the right to take positions on additional issues after consideration of the evidence admitted into the record at the hearing. A hearing was held on October 18 through 20, 2022. Briefs were filed on November 16, 2022 and reply briefs were filed on December 2, 2022. On January 27, 2023, the administrative law judges issued a proposal for decision recommending that the leasing of the TEEEF was not prudent or reasonable and necessary and that the PUCT deny recovery of all of the TEEEF costs. The PUCT is expected to consider the proposal for decision on March 9, 2023.

Houston Electric defers costs associated with the short-term and long-term leases that are probable of recovery and would otherwise be charged to expense in a regulatory asset, including allowed returns, and determined that such regulatory assets remain probable of recovery as of December 31, 2022. ROU finance lease assets, such as assets acquired under the long-term leases, are evaluated for impairment under the long-lived asset impairment model by assessing if a capital disallowance from a regulator is probable through monitoring the outcome of rate cases and other proceedings. Houston Electric continues to monitor the on-going proceedings and did not record any impairments on its right of use assets in the year ended December 31, 2022 or 2021. See Note 20 for further information.

***COVID-19 Regulatory Matters***

Governors, public utility commissions and other authorities in the states in which the Registrants operate have issued a number of different orders related to the COVID-19 pandemic, including orders addressing customer non-payment and disconnection. Although the disconnect moratoriums have expired in the Registrants' service territories, CenterPoint Energy continues to support those customers who may need payment assistance, arrangements or extensions.

On March 26, 2020, the PUCT issued an order related to accrual of regulatory assets granting authority for utilities to record as a regulatory asset expenses resulting from the effects of COVID-19. In the order, the PUCT noted that it will consider whether a utility's request for recovery of the regulatory asset is reasonable and necessary in a future proceeding.

Commissions in all of Indiana Electric's and CenterPoint Energy's and CERC's Natural Gas service territories have either (1) issued orders to record a regulatory asset for incremental bad debt expenses related to COVID-19, including costs associated with the suspension of disconnections and payment plans or (2) provided authority to recover bad debt expense through an existing tracking mechanism. Both CenterPoint Energy and CERC have recorded estimated incremental uncollectible receivables to the associated regulatory asset of $ 17 million as of December 31, 2022, and $ 29 million and $ 28 million, respectively, as of December 31, 2021.

In some of the states in which the Registrants operate, public utility commissions have authorized utilities to employ deferred accounting authority for certain COVID-19 related costs which ensure the safety and health of customers, employees, and contractors, that would not have been incurred in the normal course of business. CERC's Natural Gas service territory in Minnesota will include any offsetting savings in the deferral. Other jurisdictions where the Registrants operate may require them to offset the deferral with savings as well. The Mississippi RRA, approved by final order dated August 2, 2022, included the unamortized balance of the regulatory asset as of December 31, 2021 in rate base per Docket No. 2018-AD-141 Order Authorizing Utility Response and Accounting for COVID-19. The Minnesota general rate case filing, approved by written order on September 23, 2022, included a request to recover the COVID-19 regulatory asset balance as of June 30, 2021 over a two-year amortization period. The Louisiana RSP's requested recovery of COVID-19 regulatory assets over a one-year period concurrent with RSP implementation.

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

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

CenterPoint Energy has LTIPs that provide for the issuance of stock-based incentives, including stock options, performance awards, restricted stock unit awards and restricted and unrestricted stock awards to officers, employees and non-employee directors. Approximately 30 million shares of Common Stock are authorized under these plans for awards. CenterPoint Energy issues new shares of its Common Stock to satisfy stock-based payments related to LTIPs. Equity awards are granted to employees without cost to the participants.

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

The performance awards granted in 2022, 2021 and 2020 are distributed based upon the achievement of certain objectives over a three-year performance cycle. The stock unit awards granted in 2020 are service based, and the stock unit awards granted in 2022 and 2021 are service based, subject to the achievement of a performance goal. The stock unit awards generally vest at the end of a three-year period, provided, however, that stock unit awards granted to non-employee directors vested immediately upon grant. Upon vesting, shares under the performance and stock unit awards are issued to the participants along with the value of dividend equivalents earned over the performance cycle or vesting period.

The following table summarizes CenterPoint Energy's expenses related to LTIPs for 2022, 2021 and 2020:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions) | | |
| LTIP compensation expense (1) | $ 51 | $ 48 | $ 38 |
| Income tax benefit recognized | 12 | 11 | 9 |
| Actual tax benefit realized for tax deductions | 6 | 4 | 5 |

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income and shown prior to any amounts capitalized.

The following tables summarize CenterPoint Energy's LTIP activity for 2022

| | Year Ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Shares (Thousands) | Weighted-Average Grant Date Fair Value | Remaining Average Contractual Life (Years) | Aggregate Intrinsic Value (2) (Millions) |
| **Performance Awards (1)** | | | | |
| Outstanding and nonvested as of December 31, 2021 | 4,663 | $ 24.48 | | |
| Granted | 1,781 | 28.12 | | |
| Forfeited or canceled | ( 856 ) | 29.92 | | |
| Vested and released to participants | ( 431 ) | 31.20 | | |
| Outstanding and nonvested as of December 31, 2022 | 5,157 | $ 24.26 | 1.0 | $ 106 |
| **Stock Unit Awards** | | | | |
| Outstanding and nonvested as of December 31, 2021 | 2,367 | $ 24.75 | | |
| Granted | 441 | 28.44 | | |
| Forfeited or canceled | ( 60 ) | 24.98 | | |
| Vested and released to participants | ( 452 ) | 28.35 | | |
| Outstanding and nonvested as of December 31, 2022 | 2,296 | $ 25.03 | 0.9 | $ 69 |

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

The weighted average grant date fair values per unit of awards granted were as follows for 2022, 2021 and 2020:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions, except for per unit amounts) | | |
| **Performance Awards** | | | |
| Weighted-average grant date fair value per unit of awards granted | $ 28.12 | $ 21.89 | $ 23.82 |
| Total intrinsic value of awards received by participants | 13 | 7 | 9 |
| Vested grant date fair value | 13 | 8 | 9 |
| **Stock Unit Awards** | | | |
| Weighted-average grant date fair value per unit of awards granted | $ 28.44 | $ 24.20 | $ 21.53 |
| Total intrinsic value of awards received by participants | 14 | 11 | 12 |
| Vested grant date fair value | 13 | 11 | 12 |

As of December 31, 2022, there was $ 50 million of total unrecognized compensation cost related to nonvested performance and stock unit awards which is expected to be recognized over a weighted-average period of 1.6 years.

***(b) Pension Benefits (CenterPoint Energy)***

CenterPoint Energy maintains a non-contributory qualified defined benefit pension plan covering eligible employees, with benefits determined using a cash balance formula. In addition to the non-contributory qualified defined benefit pension plan, CenterPoint Energy maintains unfunded non-qualified benefit restoration plans which allow participants to receive the benefits to which they would have been entitled under CenterPoint Energy's non-contributory qualified pension plan except for federally mandated limits on qualified plan benefits or on the level of compensation on which qualified plan benefits may be calculated.

As a result of the Merger, CenterPoint Energy now also maintains three additional qualified defined benefit pension plans, two of which are closed to new participants and one of which is completely frozen, and a non-qualified supplemental retirement plan. The defined benefit pension plans cover eligible full-time regular employees and retirees of Vectren and are primarily non-contributory.

In December 2022, the CenterPoint Energy pension plan completed an annuity lift-out, a transaction that provided for the purchase of an irrevocable group annuity contract to fund pension plan annuities of retirees from previously divested businesses, as part of a de-risking strategy. This annuity lift-out reduced the plan's pension obligation by $ 138 million and plan assets by $ 136 million which were transferred to an insurance company. The $ 138 million transferred benefit obligation represented 9.4 % of CenterPoint Energy's total benefit obligation as of its last remeasurement prior to the transaction. As a result of this transaction: CenterPoint Energy incurred a settlement charge of $ 47 million; CenterPoint Energy was relieved of all responsibility for these pension obligations' and an insurance company is now required to pay and administer the retirement benefits owed to 1,119 retirees and beneficiaries, with no changes to the amount, timing or form of retirement benefit payments.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | | (in millions) | |
| Service cost (1) | $ 29 | $ 39 | $ 43 |
| Interest cost (2) | 73 | 59 | 75 |
| Expected return on plan assets (2) | ( 87 ) | ( 103 ) | ( 112 ) |
| Amortization of net loss (2) | 31 | 36 | 41 |
| Settlement cost (2) (3) | 126 | 38 | 2 |
| Net periodic cost | $ 172 | $ 69 | $ 49 |

(1) Amounts presented in the table above are included in Operation and maintenance expense in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals and amounts capitalized.
(2) Amounts presented in the table above are included in Other, net in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals.
(3) A one-time, non-cash settlement cost is required when the total lump sum distributions or other settlements of plan benefit obligations during a plan year exceed the service cost and interest cost components of the net periodic cost for that year. In 2022, 2021 and 2020, CenterPoint Energy recognized non-cash settlement cost due to lump sum settlement payments. The transfer of assets related to the 2022 Annuity Lift-Out is considered a lump sum settlement payment.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Discount rate | 2.80 % | 2.45 % | 3.20 % |
| Expected return on plan assets | 5.00 | 5.00 | 5.75 |
| Rate of increase in compensation levels | 4.95 | 5.05 | 4.95 |

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

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in the Consolidated Balance Sheets as well as the key assumptions of CenterPoint Energy's pension plans. The measurement dates for plan assets and obligations were December 31, 2022 and 2021.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | (in millions, except for actuarial assumptions) | |
| **Change in Benefit Obligation** | | |
| Benefit obligation, beginning of year | $ 2,298 | $ 2,507 |
| Service cost | 29 | 38 |
| Interest cost | 73 | 59 |
| Benefits paid (4) | ( 509 ) | ( 285 ) |
| Actuarial (gain) loss (1) | ( 338 ) | ( 22 ) |
| Plan amendment | — | 1 |
| Benefit obligation, end of year | 1,553 | 2,298 |
| **Change in Plan Assets** | | |
| Fair value of plan assets, beginning of year | 2,072 | 2,135 |
| Employer contributions | 35 | 61 |
| Benefits paid (4) | ( 509 ) | ( 285 ) |
| Actual investment return | ( 386 ) | 161 |
| Fair value of plan assets, end of year | 1,212 | 2,072 |
| **Funded status, end of year** | $ ( 341 ) | $ ( 226 ) |
| **Amounts Recognized in Balance Sheets** | | |
| Non-current assets | $ — | $ 6 |
| Current liabilities-other | ( 7 ) | ( 7 ) |
| Other liabilities-benefit obligations | ( 334 ) | ( 225 ) |
| Net liability, end of year | $ ( 341 ) | $ ( 226 ) |
| **Actuarial Assumptions** | | |
| Discount rate (2) | 5.15 % | 2.80 % |
| Expected return on plan assets (3) | 6.50 | 5.00 |
| Rate of increase in compensation levels | 4.99 | 4.95 |
| Interest crediting rate | 3.00 | 2.25 |

(1) Significant sources of gain for 2022 include the increase in discount rate from 2.80 % to 5.15 %, partially offset by significant sources of loss that include expected return on assets exceeding actual return on plan assets during 2022.
(2) The discount rate assumption was determined by matching the projected cash flows of CenterPoint Energy's plans against a hypothetical yield curve of high-quality corporate bonds represented by a series of annualized individual discount rates from one-half to 99 years.
(3) The expected rate of return assumption was developed using the targeted asset allocation of CenterPoint Energy's plans and the expected return for each asset class.
(4) Benefits paid for 2022 includes $ 136 million related to the 2022 Annuity Lift-Out.

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

| | December 31, 2022 | | 2021 | |
|---|---|---|---|---|
| | Pension (Qualified) | Pension (Non-qualified) | Pension (Qualified) | Pension (Non-qualified) |
| | (in millions) | | | |
| Accumulated benefit obligation | $ 1,497 | $ 51 | $ 2,216 | $ 62 |
| Projected benefit obligation | 1,502 | 51 | 2,237 | 62 |
| Fair value of plan assets | 1,212 | — | 2,072 | — |

The accumulated benefit obligation for all defined benefit pension plans on CenterPoint Energy's Consolidated Balance Sheets was $ 1,548 million and $ 2,278 million as of December 31, 2022 and 2021, respectively.

***(c) Postretirement Benefits***

CenterPoint Energy provides certain healthcare and life insurance benefits for eligible retired employees on both a contributory and non-contributory basis. The Registrants' employees (other than employees of Vectren and its subsidiaries) who were hired before January 1, 2018 and who have met certain age and service requirements at retirement, as defined in the plans, are eligible to participate in these benefit plans, provided, however, that life insurance benefits are available only for eligible retired employees who retired before January 1, 2022. Employees hired on or after January 1, 2018 are not eligible for these benefits, except that such employees represented by IBEW Local Union 66 are eligible to participate in certain of the benefits, subject to the applicable age and service requirements. With respect to retiree medical and prescription drug benefits, and, effective January 1, 2021, dental and vision benefits, employees represented by the IBEW Local Union 66 who retire on or after January 1, 2017, and their dependents, receive any such benefits exclusively through the NECA/IBEW Family Medical Care Plan pursuant to the terms of the applicable collective bargaining agreement. Houston Electric and CERC are required to fund a portion of their obligations in accordance with rate orders. All other obligations are funded on a pay-as-you-go basis.

CenterPoint Energy, through Vectren, also maintains a postretirement benefit plan that provides health care and life insurance benefits, which are a combination of self-insured and fully insured programs, to eligible Vectren retirees on both a contributory and non-contributory basis.

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

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | | | | |
| Service cost (1) | $ 2 | $ — | $ 1 | $ 2 | $ — | $ 1 | $ 2 | $ — | $ 1 |
| Interest cost (2) | 9 | 4 | 3 | 9 | 4 | 3 | 11 | 5 | 4 |
| Expected return on plan assets (2) | (5) | (4) | (1) | (4) | (3) | (1) | (5) | (4) | (1) |
| Amortization of prior service cost (credit) (2) | (3) | (4) | 2 | (4) | (5) | 1 | (4) | (5) | 1 |
| Amortization of net loss (2) | (4) | (2) | (1) | — | — | — | — | — | — |
| Net postretirement benefit cost (credit) | $ (1) | $ (6) | $ 4 | $ 3 | $ (4) | $ 4 | $ 4 | $ (4) | $ 5 |

(1) Amounts presented in the table above are included in Operation and maintenance expense in each of the Registrants' respective Statements of Consolidated Income, net of regulatory deferrals and amounts capitalized.
(2) Amounts presented in the table above are included in Other, net in each of the Registrants' respective Statements of Consolidated Income, net of regulatory deferrals.

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

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| Discount rate | 2.85 % | 2.85 % | 2.85 % | 2.50 % | 2.50 % | 2.50 % | 3.25 % | 3.25 % | 3.25 % |
| Expected return on plan assets | 3.22 | 3.32 | 2.86 | 3.20 | 3.30 | 2.85 | 3.95 | 4.05 | 3.35 |

The following table summarizes changes in the benefit obligation, plan assets, the amounts recognized in consolidated balance sheets and the key assumptions of the postretirement plans. The measurement dates for plan assets and benefit obligations were December 31, 2022 and 2021.

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions, except for actuarial assumptions) | | | | | |
| Change in Benefit Obligation | | | | | | |
| Benefit obligation, beginning of year | $ 336 | $ 148 | $ 118 | $ 366 | $ 168 | $ 122 |
| Service cost | 2 | — | 1 | 2 | — | 1 |
| Interest cost | 9 | 4 | 3 | 9 | 4 | 3 |
| Participant contributions | 6 | 2 | 3 | 7 | 2 | 3 |
| Benefits paid | (20) | (7) | (8) | (21) | (9) | (8) |
| Early Retiree Reinsurance Program | — | — | — | 20 | — | 11 |
| Plan amendment | 3 | — | 2 | — | 5 | — |
| Actuarial (gain) loss (1) | (73) | (32) | (27) | (47) | (22) | (14) |
| Benefit obligation, end of year | 263 | 115 | 92 | 336 | 148 | 118 |
| Change in Plan Assets | | | | | | |
| Fair value of plan assets, beginning of year | 132 | 104 | 29 | 134 | 106 | 28 |
| Employer contributions | 8 | 1 | 4 | 7 | 1 | 4 |
| Participant contributions | 6 | 2 | 3 | 7 | 2 | 3 |
| Benefits paid | (20) | (7) | (8) | (21) | (9) | (8) |
| Actual investment return | (17) | (16) | (3) | 5 | 4 | 2 |
| Fair value of plan assets, end of year | 109 | 84 | 25 | 132 | 104 | 29 |
| Funded status, end of year | $ (154) | $ (31) | $ (67) | $ (204) | $ (44) | $ (89) |
| **Amounts Recognized in Balance Sheets** | | | | | | |
| Current liabilities — other | $ (7) | $ — | $ (4) | $ (7) | $ — | $ (4) |
| Other liabilities — benefit obligations | (147) | (31) | (64) | (197) | (44) | (85) |
| Net liability, end of year | $ (154) | $ (31) | $ (68) | $ (204) | $ (44) | $ (89) |
| **Actuarial Assumptions** | | | | | | |
| Discount rate (2) | 5.15 % | 5.15 % | 5.15 % | 2.85 % | 2.85 % | 2.85 % |
| Expected return on plan assets (3) | 3.66 | 3.75 | 3.35 | 3.22 | 3.32 | 2.86 |
| Medical cost trend rate assumed for the next year - Pre-65 | 6.50 | 6.50 | 6.50 | 6.00 | 6.00 | 6.00 |
| Medical/prescription drug cost trend rate assumed for the next year - Post-65 | 23.66 | 23.66 | 23.66 | 18.71 | 18.71 | 18.71 |
| Prescription drug cost trend rate assumed for the next year - Pre-65 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Year that the cost trend rates reach the ultimate trend rate - Pre-65 | 2032 | 2032 | 2032 | 2029 | 2029 | 2029 |
| Year that the cost trend rates reach the ultimate trend rate - Post-65 | 2032 | 2032 | 2032 | 2030 | 2030 | 2030 |

(1) Significant sources of gain for 2022 include updated life insurance rates and the increase in discount rate from 2.85 % to 5.15 %, offset by significant sources of loss including an increase in crediting rate and updated claims.

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

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

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

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

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

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | Pension Benefits | Postretirement Benefits | | Pension Benefits | Postretirement Benefits | |
| | CenterPoint Energy | CenterPoint Energy | CERC | CenterPoint Energy | CenterPoint Energy | CERC |
| | (in millions) | | | | | |
| Unrecognized actuarial loss (gain) | $ 70 | $ (36) | $ (28) | $ 99 | $ (23) | $ (18) |
| Unrecognized prior service cost | — | 13 | 11 | — | 13 | 12 |
| Net amount recognized in accumulated other comprehensive loss (gain) | $ 70 | $ (23) | $ (17) | $ 99 | $ (10) | $ (6) |

The changes in plan assets and benefit obligations recognized in other comprehensive income during 2022 are as follows:

| | Pension Benefits | Postretirement Benefits | |
|---|---|---|---|
| | CenterPoint Energy | CenterPoint Energy | CERC |
| | (in millions) | | |
| Net loss (gain) | $ 45 | $ (13) | $ (16) |
| Amortization of net loss | (7) | (1) | (1) |
| Amortization of prior service cost | — | 1 | 1 |
| Settlement | (67) | — | — |
| Total recognized in comprehensive income | $ (29) | $ (13) | $ (16) |
| Total recognized in net periodic costs and Other comprehensive income | $ 142 | $ (19) | $ (15) |

***(e) Pension Plan Assets (CenterPoint Energy)***

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

As part of the investment strategy discussed above, CenterPoint Energy maintained the following weighted average allocation targets for its pension plans as of December 31, 2022:

| | Minimum | Maximum |
|---|---|---|
| U.S. equity | 17 % | 27 % |
| International equity | 9 % | 19 % |
| Real estate | 2 % | 11 % |
| Fixed income | 54 % | 64 % |
| Cash | — % | 2 % |

The following tables set forth by level, within the fair value hierarchy (see Note 10), CenterPoint Energy's pension plan assets at fair value as of December 31, 2022 and 2021:

| | Fair Value Measurements as of December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| | (Level 1) | (Level 2) | (Level 3) | Total | (Level 1) | (Level 2) | (Level 3) | Total |
| | (in millions) | | | | | | | |
| Cash | $ 7 | $ — | $ — | $ 7 | $ 26 | $ — | $ — | $ 26 |
| Corporate bonds: | | | | | | | | |
| Investment grade or above | — | 467 | — | 467 | — | 833 | — | 833 |
| Equity securities: | | | | | | | | |
| U.S. companies | 29 | — | — | 29 | 89 | — | — | 89 |
| Cash received as collateral from securities lending | 47 | — | — | 47 | 80 | — | — | 80 |
| U.S. treasuries and government agencies | 163 | — | — | 163 | 285 | — | — | 285 |
| Mortgage backed securities | — | 6 | — | 6 | — | 7 | — | 7 |
| Asset backed securities | — | 2 | — | 2 | — | 3 | — | 3 |
| Municipal bonds | — | 24 | — | 24 | — | 40 | — | 40 |
| Mutual funds (2) | — | — | — | — | — | — | — | — |
| International government bonds | — | 10 | — | 10 | — | 20 | — | 20 |
| Obligation to return cash received as collateral from securities lending | (47) | — | — | (47) | (80) | — | — | (80) |
| Total investments at fair value | $ 199 | $ 509 | $ — | $ 708 | $ 400 | $ 903 | $ — | $ 1,303 |
| Investments measured by net asset value per share or its equivalent (1) (2) | | | | 504 | | | | 769 |
| Total Investments | | | | $ 1,212 | | | | $ 2,072 |

(1) Represents investments in pooled investment funds and common collective trust funds.
(2) The amounts invested in pooled investment funds were allocated to real estate. The amounts invested common collective trust funds were allocated as follows:

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | Common Collective Trust Funds | Common Collective Trust Funds |
| International equities | 40 % | 41 % |
| U.S. equities | 56 % | 58 % |
| Fixed income | 4 % | 1 % |

Level 2 investments, which do not have a quoted price in active market, are valued using the market data provided by independent pricing services or major market makers, to arrive at a price a dealer would pay for the security.

The pension plans utilized both exchange traded and over-the-counter financial instruments such as futures, interest rate options and swaps that were marked to market daily with the gains/losses settled in the cash accounts. The pension plans did not include any holdings of CenterPoint Energy Common Stock as of December 31, 2022 or 2021.

***(f) Postretirement Plan Assets***

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

As part of the investment strategy discussed above, the Registrants maintained the following weighted average allocation targets for the postretirement plans as of December 31, 2022:

| | CenterPoint Energy | | Houston Electric | | CERC | |
|---|---|---|---|---|---|---|
| | Minimum | Maximum | Minimum | Maximum | Minimum | Maximum |
| U.S. equities | 13 % | 23 % | 13 % | 23 % | 15 % | 25 % |
| International equities | 3 % | 13 % | 3 % | 13 % | 2 % | 12 % |
| Fixed income | 69 % | 79 % | 69 % | 79 % | 68 % | 78 % |
| Cash | — % | 2 % | — % | 2 % | — % | 2 % |

The following table presents mutual funds by level, within the fair value hierarchy, the Registrants' postretirement plan assets at fair value as of December 31, 2022 and 2021:

| | Fair Value Measurements as of December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| | Mutual Funds | | | | | | | |
| | (Level 1) | (Level 2) | (Level 3) | Total | (Level 1) | (Level 2) | (Level 3) | Total |
| | (in millions) | | | | | | | |
| CenterPoint Energy | $ 109 | $ — | $ — | $ 109 | $ 133 | $ — | $ — | $ 133 |
| Houston Electric | 84 | — | — | 84 | 105 | — | — | 105 |
| CERC | 25 | — | — | 25 | 28 | — | — | 28 |

The amounts invested in mutual funds were allocated as follows:

| | As of December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| Fixed income | 74 % | 74 % | 74 % | 72 % | 73 % | 71 % |
| U.S. equities | 18 % | 17 % | 20 % | 20 % | 19 % | 22 % |
| International equities | 8 % | 8 % | 6 % | 8 % | 8 % | 7 % |

***(g) Benefit Plan Contributions***

The Registrants made the following contributions in 2022 and are required to make the following minimum contributions in 2023 to the indicated benefit plans below:

| | Contributions in 2022 | | | Expected Minimum Contributions in 2023 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Qualified pension plans | $ 27 | $ — | $ — | $ — | $ — | $ — |
| Non-qualified pension plans | 8 | — | — | 7 | — | — |
| Postretirement benefit plans | 8 | 1 | 4 | 8 | 1 | 4 |

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

| | Pension Benefits | Postretirement Benefits | | |
|---|---|---|---|---|
| | CenterPoint Energy | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | |
| 2023 | $ 134 | $ 15 | $ 6 | $ 6 |
| 2024 | 138 | 17 | 7 | 6 |
| 2025 | 137 | 18 | 8 | 6 |
| 2026 | 134 | 19 | 9 | 7 |
| 2027 | 134 | 20 | 9 | 7 |
| 2028-2032 | 608 | 106 | 49 | 35 |

***(h) Savings Plan***

CenterPoint Energy maintains the CenterPoint Energy Savings Plan, a tax-qualified employee savings plan that includes a cash or deferred arrangement under Section 401(k) of the Code, and an employee stock ownership plan under Section 4975(e)(7) of the Code. Under the plan, participating employees may make pre-tax or Roth contributions and, if eligible, after-tax contributions up to certain federally mandated limits. Participating Registrants provide matching contributions and, as of January 1, 2020, for certain eligible employees, nonelective contributions up to certain limits. CenterPoint Energy, through the Merger, also acquired additional defined contribution retirement savings plans sponsored by Vectren and its subsidiaries that are qualified under sections 401(a) and 401(k) of the Code, one of which merged into the CenterPoint Energy Savings Plan as of January 1, 2020 and one of which merged into the CenterPoint Energy Savings Plan as of January 1, 2022. As of January 1, 2022, the CenterPoint Energy Savings Plan is the only remaining qualified defined contribution retirement savings plan maintained by CenterPoint Energy.

The CenterPoint Energy Savings Plan has significant holdings of Common Stock. As of December 31, 2022, 7,335,725 shares of Common Stock were held by the savings plan, which represented approximately 9 % of its investments. Given the concentration of the investments in Common Stock, the savings plan and its participants have market risk related to this investment. The savings plan limits the percentage of future contributions that can be invested in Common Stock to 25 % and prohibits transfers of account balances where the transfer would result in more than 25 % of a participant's total account balance invested in Common Stock.

CenterPoint Energy allocates the savings plan benefit expense to Houston Electric and CERC related to their respective employees. The following table summarizes the Registrants' savings plan benefit expense for 2022, 2021 and 2020:

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | | | | |
| Savings plan benefit expenses (1) | $ 72 | $ 23 | $ 22 | $ 58 | $ 20 | $ 23 | $ 58 | $ 18 | $ 25 |

(1) Amounts presented in the table above are included in Operation and maintenance expense in the Registrants' respective Statements of Consolidated Income and shown prior to any amounts capitalized.

***(i) Other Benefits Plans***

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

CenterPoint Energy maintains non-qualified deferred compensation plans that provide benefits payable to eligible directors, officers and select employees or their designated beneficiaries at specified future dates or upon termination, retirement or death. Benefit payments are made from the general assets of the participating Registrants or, in the case of certain plans, from a rabbi trust that is a grantor trust and remains subject to the claims of general creditors under applicable state and federal law.

Expenses related to other benefit plans were recorded as follows:

| | Year Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | | | | |
| Postemployment benefits | $ 4 | $ 1 | $ 1 | $ 3 | $ 1 | $ 2 | $ 1 | $ 1 | $ — |
| Deferred compensation plans | 1 | — | — | 3 | — | — | 4 | 1 | — |

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

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Postemployment benefits | $ 9 | $ 3 | $ 4 | $ 8 | $ 3 | $ 5 |
| Deferred compensation plans | 28 | 4 | 1 | 40 | 6 | 4 |
| Split-dollar life insurance arrangements | 22 | 1 | — | 29 | 1 | — |

***(j) Change in Control Agreements and Other Employee Matters***

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

Certain key employees of a subsidiary of Vectren have employment agreements that provide payments and other benefits upon a covered termination of employment.

As of December 31, 2022, the Registrants' employees were covered by collective bargaining agreements as follows:

| | | Percentage of Employees Covered | | |
|---|---|---|---|---|
| | Agreement Expiration | CenterPoint Energy | Houston Electric | CERC |
| IBEW Local 66 | May 2023 | 16 % | 54 % | — % |
| OPEIU Local 12 | December 2025 | 2 % | — % | 2 % |
| Gas Workers Union Local 340 | April 2025 | 5 % | — % | 13 % |
| IBEW Locals 1393 and USW Locals 12213 & 7441 | December 2023 | 3 % | — % | 8 % |
| IBEW Locals 949 | December 2025 | 3 % | — % | 8 % |
| USW Locals 13-227 | June 2027 | 6 % | — % | 14 % |
| USW Locals 13-1 | July 2027 | — % | — % | 1 % |
| IBEW Local 702 | June 2025 | 3 % | — % | — % |
| Teamsters Local 135/215 | September 2024 | — % | — % | — % |
| UWUA Local 175 | October 2024 | 1 % | — % | 4 % |
| Total | | 39 % | 54 % | 50 % |

The collective bargaining agreements with IBEW 1393, USW 12213, USW 7441 related to Natural Gas employees are scheduled to expire in December 2023 and the collective bargaining agreement with IBEW 66 related to Houston Electric employees is scheduled to expire in May 2023; negotiations of these agreements are expected to be completed before the respective expirations.

***Board of Directors Actions*** . On July 22, 2021, CenterPoint Energy announced the decision of the independent directors of the Board to implement a new independent Board leadership and governance structure and appointed a new independent chair of the Board. To implement this new governance structure, the independent directors of the Board eliminated the Executive Chairman position that was formerly held by Milton Carroll.

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy entered into a separation agreement between CenterPoint Energy and Mr. Carroll, dated July 21, 2021. Under the terms of the separation agreement, Mr. Carroll exited the positions of Executive Chairman on July 21, 2021 and Board member on September 30, 2021. Under the terms of the separation agreement, Mr. Carroll received a lump sum cash payment of $ 28 million and his separation was treated as an “enhanced retirement” for purposes of his outstanding 2019, 2020 and 2021 equity award agreements.

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy has entered into a retention incentive agreement with David J. Lesar, President and Chief Executive Officer of CenterPoint Energy, dated July 20, 2021. For information about the classification of this award, see Note 12.

**(9) Derivative Instruments**

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

***(a) Non-Trading Activities***

*Commodity Derivative Instruments (CenterPoint Energy and CERC).* CenterPoint Energy and CERC, through their Indiana utilities, enter into certain derivative instruments to mitigate the effects of commodity price movements. Outstanding derivative instruments designated as economic hedges at the Indiana Utilities hedge long-term variable rate natural gas purchases. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging natural gas purchases, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset. All other financial instruments do not qualify or are not designated as cash flow or fair value hedges.

*Interest Rate Risk Derivative Instruments.* From time to time, the Registrants may enter into interest rate derivatives that are designated as economic or cash flow hedges. The objective of these hedges is to offset risk associated with interest rates borne by the Registrants in connection with an anticipated future fixed rate debt offering or other exposure to variable rate debt. The Indiana Utilities have authority to refund and recover mark-to-market gains and losses associated with hedging financing activity, and thus the gains and losses on derivatives are deferred in a regulatory liability or asset. For the impacts of cash flow hedges to Accumulated other comprehensive income, see Note 12.

The table below summarizes CenterPoint Energy’s outstanding interest rate hedging activity:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Hedging Classification | Notional Principal | |
| | (in millions) | |
| Economic hedge (1) | $ 84 | $ 84 |

(1) Relates to interest rate derivative instruments at SIGECO.

*Weather Hedges (CenterPoint Energy and CERC).* As of December 31, 2022, CenterPoint Energy and CERC had weather normalization or other rate mechanisms that largely mitigate the impact of weather on Natural Gas in Indiana, Louisiana, Mississippi, Minnesota and Ohio, as applicable. CenterPoint Energy’s and CERC’s Natural Gas in Texas and CenterPoint Energy’s electric operations in Texas and Indiana do not have such mechanisms, although fixed customer charges are historically higher in Texas for Natural Gas compared to its other jurisdictions. As a result, fluctuations from normal weather may have a positive or negative effect on CenterPoint Energy’s and CERC’s Natural Gas’ results in Texas and on CenterPoint Energy’s electric operations’ results in its Texas and Indiana service territories. Houston Electric and Indiana Electric do not enter into weather hedges. CenterPoint Energy and CERC did not enter into any weather hedges during the year ended December 31, 2022.

***(b) Derivative Fair Values and Income Statement Impacts (CenterPoint Energy and CERC)***

The following tables present information about derivative instruments and hedging activities. The first table provides a balance sheet overview of Derivative Assets and Liabilities as of December 31, 2022 and 2021, while the last table provides a breakdown of the related income statement impacts for the years ending December 31, 2022, 2021 and 2020.

**Fair Value of Derivative Instruments and Hedged Items (CenterPoint Energy and CERC)**

**CenterPoint Energy**

| | Balance Sheet Location | December 31, 2022 Derivative Assets Fair Value | December 31, 2022 Derivative Liabilities Fair Value | December 31, 2021 Derivative Assets Fair Value | December 31, 2021 Derivative Liabilities Fair Value |
|---|---|---|---|---|---|
| | | (in millions) | | | |
| **Derivatives not designated as hedging instruments:** | | | | | |
| Natural gas derivatives (1) | Current Assets: Non-trading derivative assets | $ 9 | $ — | $ 9 | $ — |
| Interest rate derivatives | Current Assets: Non-trading derivative assets | 1 | — | — | — |
| Natural gas derivatives (1) | Other Assets: Non-trading derivative assets | 2 | — | 5 | — |
| Interest rate derivatives | Current Liabilities: Non-trading derivative liabilities | — | — | — | 2 |
| Interest rate derivatives | Other Liabilities: Non-trading derivative liabilities | — | — | — | 12 |
| Indexed debt securities derivative (2) | Current Liabilities | — | 578 | — | 903 |
| **Total** | | $ 12 | $ 578 | $ 14 | $ 917 |

**CERC**

| | Balance Sheet Location | December 31, 2022 Derivative Assets Fair Value | December 31, 2022 Derivative Liabilities Fair Value | December 31, 2021 Derivative Assets Fair Value | December 31, 2021 Derivative Liabilities Fair Value |
|---|---|---|---|---|---|
| **Derivatives not designated as hedging instruments:** | | (in millions) | | | |
| Natural gas derivatives (1) | Current Assets: Non-trading derivative assets | $ 7 | $ — | $ 8 | $ — |
| Natural gas derivatives (1) | Other Assets: Non-trading derivative assets | 2 | — | 4 | — |
| **Total** | | $ 9 | $ — | $ 12 | $ — |

(1) Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due. However, the mark-to-market fair value of each natural gas contract is in an asset position with no offsetting amount.
(2) Derivative component of the ZENS obligation that represents the ZENS holder's option to receive the appreciated value of the reference shares at maturity. See Note 11 for further information.

**Income Statement Impact of Hedge Accounting Activity (CenterPoint Energy)**

| | Income Statement Location | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | (in millions) | | |
| **Effects of derivatives not designated as hedging instruments on the income statement:** | | | | |
| Indexed debt securities derivative | Gain (loss) on indexed debt securities | $ 325 | $ 50 | $ (60) |
| **Total CenterPoint Energy** | | $ 325 | $ 50 | $ (60) |

***(c) Credit Risk Contingent Features (CenterPoint Energy)***

Certain of CenterPoint Energy's derivative instruments contain provisions that require CenterPoint Energy's debt to maintain an investment grade credit rating on its long-term unsecured unsubordinated debt from S&P and Moody's. If CenterPoint Energy's debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment.

| | As of December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (in millions) | |
| Aggregate fair value of derivatives with credit-risk-related contingent features in a liability position | $ — | $ 14 |
| Fair value of collateral already posted | — | 7 |
| Additional collateral required to be posted if credit risk contingent features triggered (1) | — | 7 |

(1) The maximum collateral required if further escalating collateral is triggered would equal the net liability position.

**(10) Fair Value Measurements**

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

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

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

Level 3: Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Unobservable inputs reflect the Registrants' judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Registrants develop these inputs based on the best information available, including the Registrants' own data.

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

The following tables present information about the Registrants' assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis as of December 31, 2022 and December 31, 2021, and indicate the fair value hierarchy of the valuation techniques utilized by the Registrants to determine such fair value.

**CenterPoint Energy**

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | (in millions) | | | | | | | |
| **Assets** | | | | | | | | |
| Equity securities | $ 510 | $ — | $ — | $ 510 | $ 1,439 | $ — | $ — | $ 1,439 |
| Investments, including money market funds (1) | 32 | — | — | 32 | 42 | — | — | 42 |
| Interest rate derivatives | — | 1 | — | 1 | — | — | — | — |
| Natural gas derivatives | — | 11 | — | 11 | — | 14 | — | 14 |
| Total assets | $ 542 | $ 12 | $ — | $ 554 | $ 1,481 | $ 14 | $ — | $ 1,495 |
| **Liabilities** | | | | | | | | |
| Indexed debt securities derivative | $ — | $ 578 | $ — | $ 578 | $ — | $ 903 | $ — | $ 903 |
| Interest rate derivatives | — | — | — | — | — | 14 | — | 14 |
| Total liabilities | $ — | $ 578 | $ — | $ 578 | $ — | $ 917 | $ — | $ 917 |

**Houston Electric**

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | (in millions) | | | | | | | |
| **Assets** | | | | | | | | |
| Investments, including money market funds (1) | $ 17 | $ — | $ — | $ 17 | $ 27 | $ — | $ — | $ 27 |
| Total assets | $ 17 | $ — | $ — | $ 17 | $ 27 | $ — | $ — | $ 27 |

**CERC**

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | (in millions) | | | | | | | |
| **Assets** | | | | | | | | |
| Investments, including money market funds (1) | $ 14 | $ — | $ — | $ 14 | $ 14 | $ — | $ — | $ 14 |
| Natural gas derivatives | — | 9 | — | 9 | — | 12 | — | 12 |
| Total assets | $ 14 | $ 9 | $ — | $ 23 | $ 14 | $ 12 | $ — | $ 26 |

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

During 2022 and 2021, CenterPoint Energy did not have any assets or liabilities designated as Level 3.

***Items Measured at Fair Value on a Nonrecurring Basis***

For a discussion of the valuation of the Arkansas and Oklahoma Natural Gas businesses in 2021, CenterPoint Energy's investment in Enable and the Infrastructure Services and Energy Services Disposal Groups in 2020, see Note 4.

For a discussion of goodwill impairment charges, see Note 6.

***Estimated Fair Value of Financial Instruments***

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

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy (1) | Houston Electric (1) | CERC | CenterPoint Energy (1) | Houston Electric (1) | CERC |
| | (in millions) | | | | | |
| **Long-term debt, including current maturities** | | | | | | |
| Carrying amount | $ 16,338 | $ 6,353 | $ 4,826 | $ 16,086 | $ 5,495 | $ 5,552 |
| Fair value | 14,990 | 5,504 | 4,637 | 17,385 | 6,230 | 5,999 |

(1) Includes Securitization Bond debt.

**(11) Equity Securities and Indexed Debt Securities (ZENS) (CenterPoint Energy)**

***(a) Equity Securities***

During February and March 2022, CenterPoint Energy completed the execution of its previously announced plan to exit the midstream sector by selling the remaining Energy Transfer Common Units and Energy Transfer Series G Preferred Units it held as discussed below. CenterPoint Energy used the proceeds from these sales to redeem outstanding debt and pay incurred expenses associated with the early redemptions. See Note 13 for further information.

CenterPoint Energy's sales of equity securities during the year ended December 31, 2022 are as follows:

| Equity Security/Date Sold | Units Sold | Proceeds (1) (in millions) |
|---|---|---|
| **Energy Transfer Common Units** | | |
| February and March 2022 | 50,999,768 | $ 515 |
| **Energy Transfer Series G Preferred Units** | | |
| March 2022 | 192,390 | $ 187 |

(1) Proceeds are net of transaction costs.

Gains and losses on equity securities, net of transaction costs, are recorded as Gain (Loss) on Equity Securities in CenterPoint Energy's Statements of Consolidated Income.

| | Gains (Losses) on Equity Securities Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | (in millions) | | |
| AT&T Common | $ ( 63 ) | $ ( 43 ) | $ ( 105 ) |
| Charter Common | ( 273 ) | ( 8 ) | 154 |
| WBD Common | 23 | — | — |
| Energy Transfer Common Units | 95 | ( 124 ) | — |
| Energy Transfer Series G Preferred Units | ( 9 ) | 2 | — |
| Other | — | 1 | — |
| | $ ( 227 ) | $ ( 172 ) | $ 49 |

CenterPoint Energy recorded unrealized gains (losses) of $( 313 ) million, $( 52 ) million, and $ 49 million for the years ended December 31, 2022, 2021, and 2020, respectively, for equity securities held as of December 31, 2022, 2021, and 2020.

CenterPoint Energy and its subsidiaries hold shares of certain securities detailed in the table below, which are classified as trading securities. Shares of AT&T Common, Charter Common and WBD Common are expected to be held to facilitate CenterPoint Energy's ability to meet its obligation under the ZENS.

| | Shares Held at December 31, 2022 | 2021 | Carrying Value at December 31, 2022 | 2021 |
|---|---|---|---|---|
| | | | (in millions) | |
| AT&T Common | 10,212,945 | 10,212,945 | 188 | $ 251 |
| Charter Common | 872,503 | 872,503 | 296 | 569 |
| WBD Common | 2,470,685 | — | 23 | — |
| Energy Transfer Common Units | — | 50,999,768 | — | 420 |
| Energy Transfer Series G Preferred Units | — | 192,390 | — | 196 |
| Other | | | 3 | 3 |
| | | | $ 510 | $ 1,439 |

***(b) ZENS***

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of $ 1.0 billion of which $ 828 million remained outstanding as of December 31, 2022. Each ZENS is exchangeable at the holder's option at any time for an amount of cash equal to 95 % of the market value of the reference shares attributable to such note. The number and identity of the reference shares attributable to each ZENS are adjusted for certain corporate events.

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

| | December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (in shares) | |
| AT&T Common | 0.7185 | 0.7185 |
| Charter Common | 0.061382 | 0.061382 |
| WBD Common | 0.173817 | — |

CenterPoint Energy pays interest on the ZENS at an annual rate of 2 % plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of the ZENS is subject to increases or decreases to the extent that the annual yield from interest and cash dividends on the reference shares is less than or more than 2.309 %. The adjusted principal amount is defined in the ZENS instrument as "contingent principal." As of December 31, 2022, the ZENS, having an original principal amount of $ 828 million and a contingent principal amount of $ 26 million, were outstanding and were exchangeable, at the option of the holders, for cash equal to 95 % of the market value of the reference shares attributable to the ZENS. As of December 31, 2022, the market value of such shares was approximately $ 507 million, which would provide an exchange amount of $ 582 for each $ 1,000 original principal amount of ZENS. At maturity of the ZENS in 2029, CenterPoint Energy will be obligated to pay in cash the higher of the contingent principal amount of the ZENS or an amount based on the then-current market value of the reference shares, which will include any additional publicly-traded securities distributed with respect to the current reference shares prior to maturity.

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

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

| | ZENS-Related Securities | Debt Component of ZENS | Derivative Component of ZENS |
|---|---|---|---|
| | | (in millions) | |
| Balance as of December 31, 2019 | $ 822 | $ 19 | $ 893 |
| Accretion of debt component of ZENS | — | 17 | — |
| 2% interest paid | — | ( 16 ) | — |
| Distribution to ZENS holders | — | ( 5 ) | — |
| Loss on indexed debt securities | — | — | 60 |
| Gain on ZENS-Related Securities | 49 | — | — |
| Balance as of December 31, 2020 | 871 | 15 | 953 |
| Accretion of debt component of ZENS | — | 17 | — |
| 2% interest paid | — | ( 17 ) | — |
| Distribution to ZENS holders | — | ( 5 ) | — |
| Gain on indexed debt securities | — | — | ( 50 ) |
| Loss on ZENS-Related Securities | ( 51 ) | — | — |
| Balance as of December 31, 2021 | 820 | 10 | 903 |
| Accretion of debt component of ZENS | — | 17 | — |
| 2% interest paid | — | ( 17 ) | — |
| Distribution to ZENS holders | — | ( 3 ) | — |
| Gain on indexed debt securities | — | — | ( 325 ) |
| Loss on ZENS-Related Securities | ( 313 ) | — | — |
| Balance as of December 31, 2022 | $ 507 | $ 7 | $ 578 |

On May 17, 2021, AT&T announced that it had entered into a definitive agreement with Discovery, Inc. to combine their media assets into a new publicly traded company to be called Warner Bros. Discovery. The transaction closed on April 8, 2022. Pursuant to the definitive agreement, AT&T shareholders received 0.241917 shares of WBD Common for each share of AT&T Common owned, representing 71 % of the new company. Upon the closing of the transaction, reference shares attributable to ZENS now consist of 0.7185 shares of AT&T Common, 0.061382 shares of Charter Common and 0.173817 shares of WBD Common.

**(12) Equity (CenterPoint Energy)**

***Dividends Declared and Paid (CenterPoint Energy)***

CenterPoint Energy declared and paid dividends on its Common Stock during 2022, 2021 and 2020 as presented in the table below:

| | Dividends Declared Per Share | | | Dividends Paid Per Share | | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 (2) | 2022 | 2021 | 2020 (2) |
| Common Stock | $ 0.7200 | $ 0.6600 | $ 0.9000 | $ 0.7000 | $ 0.6500 | $ 0.7400 |
| Series A Preferred Stock | 61.2500 | 61.2500 | 91.8750 | 61.2500 | 61.2500 | 61.2500 |
| Series B Preferred Stock | — | 35.0000 | 87.5000 | — | 52.5000 | 70.0000 |
| Series C Preferred Stock (1) | — | — | 0.6100 | — | 0.1600 | 0.4500 |

(1) The Series C Preferred Stock was entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a pari passu, pro rata, as-converted basis. The per share amount reflects the dividend per share of Common Stock as if the Series C Preferred Stock were converted into Common Stock. All of the outstanding Series C Preferred Stock was converted to Common Stock during 2021 as described below.

(2) On April 1, 2020, in response to the reduction in cash flow related to the reduction in Enable quarterly common unit distributions announced by Enable on April 1, 2020, CenterPoint Energy announced a reduction of its quarterly Common Stock dividend per share from $ 0.2900 to $ 0.1500 .

***Preferred Stock (CenterPoint Energy)***

| | Liquidation Preference Per Share | Shares Outstanding as of December 31, 2022 | 2021 | 2020 | Outstanding Value as of December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|
| | | (in millions, except shares and per share amount) | | | | | |
| Series A Preferred Stock | $ 1,000 | 800,000 | 800,000 | 800,000 | $ 790 | $ 790 | $ 790 |
| Series B Preferred Stock | 1,000 | — | — | 977,400 | — | — | 950 |
| Series C Preferred Stock | 1,000 | — | — | 625,000 | — | — | 623 |
| | | 800,000 | 800,000 | 2,402,400 | $ 790 | $ 790 | $ 2,363 |

***Dividend Requirement on Preferred Stock***

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | | (in millions) | |
| Series A Preferred Stock | $ 49 | $ 49 | $ 49 |
| Series B Preferred Stock | — | 46 | 68 |
| Series C Preferred Stock | — | — | 27 |
| Preferred dividend requirement | 49 | 95 | 144 |
| Amortization of beneficial conversion feature | — | — | 32 |
| Total income allocated to preferred shareholders | $ 49 | $ 95 | $ 176 |

***Series A Preferred Stock***

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

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

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

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

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

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

- senior to Common Stock and to each other class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;
- on a parity with any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock;
- junior to any class or series of capital stock established after the initial issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;
- junior to all existing and future indebtedness (including indebtedness outstanding under CenterPoint Energy's credit facilities, senior notes and commercial paper) and other liabilities with respect to assets available to satisfy claims against CenterPoint Energy; and
- structurally subordinated to any existing and future indebtedness and other liabilities of CenterPoint Energy's subsidiaries and capital stock of CenterPoint Energy's subsidiaries held by third parties.

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

***Series B Preferred Stock***

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

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

*Mandatory Conversion.* Each remaining outstanding share of the Series B Preferred Stock was converted on the mandatory conversion date, September 1, 2021, into 36.7677 shares of Common Stock. The conversion rate was determined based on a preceding 20-day volume-weighted-average-price of Common Stock.

*Conversion of Series B Preferred Stock.* During 2021, 977,400 shares of Series B Preferred Stock were converted into 35,921,441 shares of Common Stock. As of December 31, 2021, all shares of Series B Preferred Stock had been converted into shares of Common Stock.

***Series C Preferred Stock Private Placement (CenterPoint Energy)***

On May 6, 2020, CenterPoint Energy entered into agreements for the private placement of 725,000 shares of its Series C Preferred Stock, at a price of $ 1,000 share, resulting in net proceeds of $ 724 million after issuance costs.

The Series C Preferred Stock was entitled to participate in any dividend or distribution (excluding those payable in Common Stock) with the Common Stock on a pari passu, pro rata, as-converted basis.

Each remaining outstanding share of the Series C Preferred Stock was converted on May 7, 2021 into the number of Common Stock equal to the quotient of $ 1,000 divided by the prevailing conversion price, which was $ 15.31 .

*Conversion of Series C Preferred Stock* . During 2021, 625,000 shares of Series C Preferred Stock were converted into 40,822,990 shares of Common Stock. As of December 31, 2021, all shares of Series C Preferred Stock had been converted into shares of Common Stock.

***Common Stock Private Placement (CenterPoint Energy)***

On May 6, 2020, CenterPoint Energy entered into agreements for the private placement of 41,977,612 shares of its Common Stock, at a price of $ 16.08 share, resulting in net proceeds of $ 673 million after issuance costs. On June 1, 2020, CenterPoint Energy filed a shelf registration statement with the SEC registering these 41,977,612 shares of Common Stock.

***Temporary Equity (CenterPoint Energy)***

On the approval and recommendation of the Compensation Committee and approval of the Board (acting solely through its independent directors), CenterPoint Energy entered into a retention incentive agreement with David J. Lesar, then President and Chief Executive Officer of CenterPoint Energy, dated July 20, 2021. Pursuant to the retention incentive agreement, Mr. Lesar received equity-based awards under CenterPoint Energy's LTIP covering a total of 1 million shares of Common Stock (Total Stock Award), which were granted in multiple annual awards. Mr. Lesar received 400 thousand restricted stock units in July 2021 that vested in December 2022 and 400 thousand restricted stock units and 200 thousand restricted stock units in February 2022 and February 2023, respectively, that will vest in December 2023. For accounting purposes, the 1 million shares under the Total Stock Award, consisting of the equity-based awards described above, were considered granted in July 2021. In the event that death, disability, termination without cause or resignation for good reason, as defined in the retention incentive agreement, had occurred prior to the full Total Stock Award being awarded, CenterPoint Energy would have paid a lump sum cash payment equal to the value of the unawarded equity-based awards, based on the closing trading price of Common Stock on the date of the event's occurrence. Because the equity-based awards would have been redeemable for cash prior to being awarded upon events that were not probable at the grant date, the equity associated with any unawarded equity-based awards are classified as Temporary Equity on CenterPoint Energy's Condensed Consolidated Balance Sheets.

***Accumulated Other Comprehensive Income (Loss)***

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Beginning Balance | $ (64) | $ — | $ 10 | $ (90) | $ — | $ 10 |
| Other comprehensive income (loss) before reclassifications: | | | | | | |
| Remeasurement of pension and other postretirement plans | (40) | — | 10 | 16 | — | — |
| Other comprehensive income (loss) from unconsolidated affiliates | — | — | — | 3 | — | — |
| Amounts reclassified from accumulated other comprehensive loss: | | | | | | |
| Prior service cost (1) | (1) | — | (1) | 1 | — | 1 |
| Actuarial losses (1) | 8 | — | 1 | 7 | — | — |
| Settlement (2) | 67 | — | — | 4 | — | — |
| Reclassification of deferred loss from cash flow hedges realized in net income | 1 | — | — | 2 | — | — |
| Tax benefit (expense) | (2) | — | (4) | (7) | — | (1) |
| Net current period other comprehensive income (loss) | 33 | — | 6 | 26 | — | — |
| Ending Balance | $ (31) | $ — | $ 16 | $ (64) | $ — | $ 10 |

(1) Amounts are included in the computation of net periodic cost and are reflected in Other, net in each of the Registrants' respective Statements of Consolidated Income.
(2) Amounts presented represent a one-time, non-cash settlement cost (benefit), prior to regulatory deferrals, which are required when the total lump sum distributions or other settlements of plan benefit obligations during a plan year exceed the service cost and interest cost components of the net periodic cost for that year. Amounts presented in the table above are included in Other income (expense), net in CenterPoint Energy's Statements of Consolidated Income, net of regulatory deferrals.

**(13) Short-term Borrowings and Long-term Debt**

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Long-Term | Current (1) | Long-Term | Current (1) |
| | (in millions) | | | |
| **CenterPoint Energy:** | | | | |
| ZENS due 2029 (2) | $ — | $ 7 | $ — | $ 10 |
| CenterPoint Energy senior notes 1.45 % to 4.61 % due 2024 to 2049 | 3,050 | — | 3,650 | — |
| CenterPoint Energy pollution control bonds 5.125 % due 2028 (3) | 68 | — | 68 | — |
| CenterPoint Energy commercial paper (4) (5) | 1,770 | — | 1,400 | — |
| VUH senior notes (see *Debt Exchange* below) | — | — | 377 | — |
| VUH commercial paper (4) (5) | — | — | 350 | — |
| SIGECO first mortgage bonds 0.875 % to 6.72 % due 2024 to 2055 (6) | 277 | 11 | 288 | 5 |
| Other debt | — | 4 | 4 | 3 |
| Unamortized debt issuance costs | ( 15 ) | — | ( 23 ) | — |
| Unamortized discount and premium, net | ( 6 ) | — | ( 7 ) | — |
| Houston Electric debt (see details below) | 6,197 | 156 | 4,975 | 520 |
| CERC third party debt (see details below) | 3,495 | 1,842 | 4,476 | 7 |
| Total CenterPoint Energy debt | $ 14,836 | $ 2,020 | $ 15,558 | $ 545 |
| | | | | |
| **Houston Electric:** | | | | |
| General mortgage bonds 2.35 % to 6.95 % due 2026 to 2052 (8) | $ 6,112 | $ — | $ 4,712 | $ 300 |
| Other | 1 | — | — | — |
| ***Restoration Bond Company:*** | | | | |
| System restoration bonds 4.243 % due 2022 | — | — | — | 70 |
| ***Bond Company IV:*** | | | | |
| Transition bonds 3.028 % due 2024 | 161 | 156 | 317 | 150 |
| Unamortized debt issuance costs | ( 50 ) | — | ( 36 ) | — |
| Unamortized discount and premium, net | ( 27 ) | — | ( 18 ) | — |
| Total Houston Electric debt | $ 6,197 | $ 156 | $ 4,975 | $ 520 |

| | | | | |
|---|---|---|---|---|
| **CERC (7) :** | | | | |
| Short-term borrowings: | | | | |
| Inventory financing (9) | $ — | $ 11 | $ — | $ 7 |
| Term loan | — | 500 | — | — |
| Total CERC short-term borrowings | — | 511 | — | 7 |
| Long-term debt: | | | | |
| Senior notes 0.70 % to 6.625 % due 2023 to 2047 | $ 2,620 | $ 1,331 | $ 3,500 | $ — |
| Indiana Gas senior notes 6.34 % to 7.08 % due 2025 to 2029 | 96 | — | 96 | — |
| Commercial paper (4) (5) | 805 | — | 899 | — |
| Unamortized debt issuance costs | ( 22 ) | — | ( 15 ) | — |
| Unamortized discount and premium, net | ( 4 ) | — | ( 4 ) | — |
| Total CERC third-party long-term debt | 3,495 | 1,331 | 4,476 | — |
| Indiana Gas and VEDO notes payable to CenterPoint Energy | — | — | 1,076 | — |
| Total CERC debt | $ 3,495 | $ 1,842 | $ 5,552 | $ 7 |

(1) Includes amounts due or exchangeable within one year of the date noted.
(2) CenterPoint Energy's ZENS obligation is bifurcated into a debt component and an embedded derivative component. For additional information regarding ZENS, see Note 11(b). As ZENS are exchangeable for cash at any time at the option of the holders, these notes are classified as a current portion of long-term debt.
(3) These pollution control bonds were secured by general mortgage bonds of Houston Electric as of December 31, 2022 and 2021 and are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations.
(4) Classified as long-term debt because the termination date of the facility that backstops the commercial paper is more than one year from the date noted.
(5) Commercial paper issued by CenterPoint Energy and CERC Corp. has maturities up to 60 days and 30 days, respectively, and are backstopped by the respective issuer's long-term revolving credit facility. The VUH credit facility was terminated in connection with the Restructuring, as discussed below, and VUH no longer issues commercial paper.
(6) The first mortgage bonds issued by SIGECO subject SIGECO's properties to a lien under the related mortgage indenture as further discussed below.
(7) Issued by CERC Corp.
(8) The general mortgage bonds issued by Houston Electric subject Houston Electric's properties to a lien under the General Mortgage as further discussed below.
(9) Represents AMA transactions accounted for as an inventory financing. Outstanding obligations related to third-party AMAs associated with utility distribution service in Arkansas and Oklahoma of $ 36 million as of December 31, 2021 are reflected in current liabilities held for sale on CenterPoint Energy's and CERC's Condensed Consolidated Balance Sheets. For further information about AMAs, see Notes 4 and 15.

***Debt Transactions***

*Debt Issuances.* During 2022, the following debt instruments were issued or incurred:

| Registrant | Issuance Date | Debt Instrument | Aggregate Principal Amount (in millions) | Interest Rate | Maturity Date |
|---|---|---|---|---|---|
| Houston Electric | February 2022 | General Mortgage Bonds (1) | $ 300 | 3.00 % | 2032 |
| Houston Electric | February 2022 | General Mortgage Bonds (1) | 500 | 3.60 % | 2052 |
| Houston Electric | September 2022 | General Mortgage Bonds (2) | 500 | 4.45 % | 2032 |
| Houston Electric | September 2022 | General Mortgage Bonds (2) | 300 | 4.85 % | 2052 |
| | | **Total Houston Electric (1)** | 1,600 | | |
| CERC | June 2022 | Senior Notes (3) | 500 | 4.40 % | 2032 |
| CERC | August 2022 | Term Loan (4) | 500 | SOFR (5) + 0.70 % | 2023 |
| | | **Total CERC** | 1,000 | | |
| | | **Total CenterPoint Energy** | $ 2,600 | | |

(1) Total proceeds, net of discounts and issuance expenses and fees, of approximately $ 784 million were used for general limited liability company purposes, including capital expenditures and the repayment of all or a portion of Houston Electric's borrowings under the CenterPoint Energy money pool.

(2) Total proceeds, net of discounts and issuance expenses and fees, of approximately $ 789 million were used for general limited liability company purposes, including capital expenditures, the repayment of all or a portion of Houston Electric's borrowings under the CenterPoint Energy money pool and the redemption of outstanding general mortgage bonds discussed below.

(3) Total proceeds, net of discounts and issuance expenses and fees, of approximately $ 495 million were used for general corporate purposes, including the issuance by CERC Corp.'s current subsidiaries, Indiana Gas and VEDO, of intercompany notes to CERC Corp. in June 2022; these subsidiaries used the funds to repay intercompany debt owed to VUH in connection with the Restructuring in June 2022.

(4) Total proceeds, net of discounts and issuance expenses and fees, of approximately $ 500 million were used for general corporate purposes, including the repayment of CERC's outstanding commercial paper balances. The term loan is reflected in short-term borrowings on CenterPoint Energy's and CERC's Consolidated Balance Sheets.

(5) As defined in the term loan agreement, which includes an adjustment of 0.10 % per annum.

On February 16, 2023, CERC Corp. entered into a $ 500 million term loan agreement. Borrowings under the term loan agreement bear interest at CERC Corp.'s option, at a rate equal to either (i) Term SOFR (as defined in the term loan agreement), which includes an adjustment of 0.10 % per annum plus a margin of 0.85 % or (ii) the alternate base rate (as defined in the term loan agreement). CERC Corp. borrowed the full $ 500 million at closing and intends to use the proceeds thereof for general corporate purposes, including the repayment of a portion of its outstanding commercial paper. The maturity date for the borrowings under the term loan agreement is February 15, 2024.

*Debt Exchange.* As a part of the Restructuring, on May 27, 2022, CERC Corp. and VUH completed an exchange with holders of VUH PPNs whereby CERC Corp. issued new senior notes with an aggregate principal amount of $ 302 million to such holders in exchange for all of their outstanding VUH PPNs with an aggregate principal amount of $ 302 million. The new CERC Corp. senior notes have the same principal amount, interest rate, and payment and maturity dates as the VUH PPNs for which they were exchanged. As a result of the exchange, CERC Corp. became the creditor for the PPNs originally issued by VUH, and CERC Corp. received $ 302 million of cash from VUH on June 30, 2022 in full repayment of the VUH PPNs. Orders received from the IURC and PUCO allowed for the reissuance of existing debt of Indiana Gas and VEDO to CERC, the continued amortization of existing issuance expenses and discounts, and the treatment of any potential exchange fees as discounts to be amortized over the life of the debt.

On September 6, 2022, CERC Corp. and VUH announced that CERC Corp. had commenced an offer to eligible holders to exchange any and all outstanding 6.10 % senior notes due 2035 issued by Vectren Utility Holdings, Inc. (predecessor of VUH) for (1) up to $ 75 million aggregate principal amount of new senior notes issued by CERC Corp. and (2) cash. On October 5, 2022, in connection with the settlement of the exchange offer, CERC Corp. issued $ 75 million aggregate principal amount of 6.10 % senior notes due 2035 in exchange for all outstanding VUH senior notes. The new CERC Corp. senior notes issued in the exchange offer have the same interest rate and payment and maturity dates as the VUH notes for which they were exchanged.

*Debt Repayments and Redemptions.* During 2022, the following debt instruments were repaid at maturity or redeemed, excluding scheduled principal payments of $ 220 million on the Securitization bonds:

| Registrant | Repayment/Redemption Date | Debt Instrument | Aggregate Principal (in millions) | Interest Rate | Maturity Date |
|---|---|---|---|---|---|
| CERC (1) | January 2022 | Floating Rate Senior Notes | $ 425 | Three-month LIBOR plus 0.5 % | 2023 |
| | | **Total CERC** | 425 | | |
| Houston Electric | August 2022 | General Mortgage Bonds | 300 | 2.25 % | 2022 |
| Houston Electric (2) | October 2022 | General Mortgage Bonds | 200 | 5.60 % | 2023 |
| | | **Total Houston Electric** | 500 | | |
| CenterPoint Energy (3) | January 2022 | First Mortgage Bonds | 5 | 0.82 % | 2022 |
| CenterPoint Energy (4) | March 2022 | Senior Notes | 250 | 3.85 % | 2024 |
| CenterPoint Energy (5) | March 2022 | Senior Notes | 350 | 4.25 % | 2028 |
| | | **Total CenterPoint Energy** | $ 1,530 | | |

(1) In January 2022, CERC provided notice of partial redemption, and on January 31, 2022, CERC redeemed a portion ($ 425 million) of the outstanding $ 1 billion aggregate principal amount of the series at a redemption price equal to 100 % of the principal amount, plus accrued and unpaid interest on the principal amount being redeemed.

(2) In September 2022, Houston Electric provided notice of redemption, and on October 17, 2022, Houston Electric redeemed $ 200 million aggregate principal amount, plus accrued and unpaid interest of approximately $ 3 million and an applicable make-whole premium of approximately $ 2 million, for a total redemption price of $ 205 million.

(3) First Mortgage Bonds issued by SIGECO.

(4) In March 2022, CenterPoint Energy provided notice of redemption, and on March 30, 2022, CenterPoint Energy redeemed all of the remaining outstanding senior notes of the series at a redemption price equal to 100 % of the principal amount, plus accrued and unpaid interest of approximately $ 2 million, the write off of issuance costs of $ 1 million and an applicable make-whole premium of approximately $ 7 million for a total redemption price of $ 260 million.

(5) In March 2022, CenterPoint Energy provided notice of partial redemption, and on March 30, 2022, CenterPoint Energy redeemed a portion ($ 350 million) of the outstanding $ 500 million aggregate principal amount of the series at a redemption price equal to 100 % of the principal amount, plus accrued and unpaid interest of approximately $ 6 million, the write off of issuance costs of $ 3 million and an applicable make-whole premium of approximately $ 34 million for a total redemption price of $ 393 million.

CenterPoint Energy and CERC recorded losses on early extinguishment of debt, including make-whole premiums and recognition of deferred debt related costs, in Interest expense and other finance charges on their respective Statements of Consolidated Income, of $ 47 million and $- 0 -, respectively, during the year ended December 31, 2022, and $ 53 million and $ 11 million, respectively for the year ended December 31, 2021, and $ 2 million for both for the year ended December 31, 2020. Houston Electric recorded a loss on early extinguishment of debt of $ 2 million during the year ended December 31, 2022, which was recorded as a regulatory asset.

On December 16, 2022, SIGECO provided notice of redemption and on January 17, 2023, SIGECO redeemed $ 11 million aggregate principal amount of SIGECO's outstanding first mortgage bonds due 2044 at a redemption price equal to 100 % of the principal amount of the first mortgage bonds to be redeemed plus accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

*Securitization Bonds.* As of December 31, 2022, CenterPoint Energy and Houston Electric had special purpose subsidiaries consisting of the Bond Companies, which they consolidate. The consolidated special purpose subsidiaries are wholly-owned, bankruptcy remote entities that were formed solely for the purpose of purchasing and owning transition or system restoration property through the issuance of transition bonds or system restoration bonds and activities incidental thereto. These Securitization Bonds are payable only through the imposition and collection of "transition" or "system restoration" charges, as defined in the Texas Public Utility Regulatory Act, which are irrevocable, non-bypassable charges to provide recovery of authorized qualified costs. On August 15, 2022, Restoration Bond Company repaid in full its last outstanding system restoration bonds. CenterPoint Energy and Houston Electric have no payment obligations in respect of the Securitization Bonds other than to remit the applicable transition or system restoration charges they collect as set forth in servicing agreements among Houston Electric, the Bond Companies and other parties. Each special purpose entity is the sole owner of the right to impose, collect and receive the applicable transition or system restoration charges securing the bonds issued by that entity. Creditors of CenterPoint Energy or Houston Electric have no recourse to any assets or revenues of the Bond Companies (including the transition charges), and the holders of Securitization Bonds have no recourse to the assets or revenues of CenterPoint Energy or Houston Electric.

*Credit Facilities.* On June 30, 2022, in connection with the Restructuring, VUH repaid in full all outstanding indebtedness and terminated all remaining commitments and other obligations under its $ 400 million amended and restated credit agreement dated as of February 4, 2021. VUH did not incur any penalties in connection with the early termination.

On December 6, 2022, CenterPoint Energy, Inc. and its wholly owned subsidiaries, Houston Electric and CERC, replaced their existing revolving credit facilities with three revolving credit facilities totaling $ 3.75 billion in aggregate commitments. In addition, SIGECO entered into a new revolving credit facility totaling an additional $ 250 million in aggregate commitments. The aggregate amount of commitments among the four credit facilities total $ 4.0 billion.

The Registrants had the following revolving credit facilities as of December 31, 2022:

| Execution Date | Registrant | Size of Facility | Draw Rate of SOFR plus (1) | Financial Covenant Limit on Debt for Borrowed Money to Capital Ratio | Debt for Borrowed Money to Capital Ratio as of December 31, 2022 (2) | Termination Date |
|---|---|---|---|---|---|---|
| | | (in millions) | | | | |
| December 6, 2022 | CenterPoint Energy | $ 2,400 | 1.500 % | 65 % (3) | 61.8 % | December 6, 2027 |
| December 6, 2022 | CenterPoint Energy (4) | 250 | 1.125 % | 65 % | 45.2 % | December 6, 2027 |
| December 6, 2022 | Houston Electric | 300 | 1.250 % | 67.5 % (3) | 54.4 % | December 6, 2027 |
| December 6, 2022 | CERC | 1,050 | 1.125 % | 65 % | 49.9 % | December 6, 2027 |
| | Total | $ 4,000 | | | | |

(1) Based on credit ratings as of December 31, 2022.
(2) As defined in the revolving credit facility agreement, excluding Securitization Bonds.
(3) For CenterPoint Energy and Houston Electric, the financial covenant limit will temporarily increase to 70 % if Houston Electric experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that Houston Electric has incurred system restoration costs reasonably likely to exceed $ 100 million in a consecutive 12 -month period, all or part of which Houston Electric intends to seek to recover through securitization financing. Such temporary increase in the financial covenant would be in effect from the date CenterPoint Energy delivers its certification until the earliest to occur of (i) the completion of the securitization financing, (ii) the first anniversary of CenterPoint Energy's certification or (iii) the revocation of such certification.
(4) This credit facility was issued by SIGECO.

The Registrants, as well as the subsidiaries of CenterPoint Energy discussed above, were in compliance with all financial debt covenants as of December 31, 2022.

As of December 31, 2022 and 2021, the Registrants had the following revolving credit facilities and utilization of such facilities:

| Registrant | December 31, 2022 Size of Facility | Loans | Letters of Credit | Commercial Paper | Weighted Average Interest Rate | December 31, 2021 Size of Facility | Loans | Letters of Credit | Commercial Paper | Weighted Average Interest Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| | (in millions, except weighted average interest rate) | | | | | | | | | |
| CenterPoint Energy (1) | $ 2,400 | $ — | $ 11 | $ 1,770 | 4.71 % | $ 2,400 | $ — | $ 11 | $ 1,400 | 0.34 % |
| CenterPoint Energy (2) | — | — | — | — | — % | 400 | — | — | 350 | 0.21 % |
| Houston Electric | 300 | — | — | — | — % | 300 | — | — | — | — % |
| CERC | 1,050 | — | — | 805 | 4.67 % | 900 | — | — | 899 | 0.26 % |
| SIGECO | 250 | — | — | — | — % | — | — | — | — | — % |
| Total | $ 4,000 | $ — | $ 11 | $ 2,575 | | $ 4,000 | $ — | $ 11 | $ 2,649 | |

(1) CenterPoint Energy's outstanding commercial paper generally has maturities of 60 days or less.
(2) This credit facility was issued by VUH and was terminated in connection with the Restructuring, as discussed above.

*Maturities.* As of December 31, 2022, maturities of long-term debt through 2027, excluding the ZENS obligation and unamortized discounts, premiums and issuance costs, were as follows:

| | CenterPoint Energy (1) | Houston Electric (1) | CERC | Securitization Bonds |
|---|---|---|---|---|
| | (in millions) | | | |
| 2023 | $ 1,999 | $ 156 | $ 1,832 | $ 156 |
| 2024 | 1,384 | 161 | — | 161 |
| 2025 | 51 | — | 10 | — |
| 2026 | 860 | 300 | 60 | — |
| 2027 | 2,901 | 300 | 831 | — |

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

*Liens.* As of December 31, 2022, Houston Electric's assets were subject to liens securing approximately $ 6.2 billion of general mortgage bonds outstanding under the General Mortgage, including approximately $ 68 million held in trust to secure pollution control bonds that mature in 2028 for which CenterPoint Energy is obligated. The general mortgage bonds that are held in trust to secure pollution control bonds are not reflected in Houston Electric's consolidated financial statements because of the contingent nature of the obligations. Houston Electric may issue additional general mortgage bonds on the basis of retired bonds, 70 % of property additions or cash deposited with the trustee. Houston Electric could issue approximately $ 4.9 billion of additional general mortgage bonds on the basis of retired bonds and 70 % of property additions as of December 31, 2022. No first mortgage bonds are outstanding under the M&DOT, and Houston Electric is contractually obligated to not issue any additional first mortgage bonds under the M&DOT and is undertaking actions to release the lien of the M&DOT and terminate the M&DOT.

As of December 31, 2022, SIGECO had approximately $ 288 million aggregate principal amount of first mortgage bonds outstanding. Generally, all of SIGECO's real and tangible property is subject to the lien of SIGECO's mortgage indenture. As of December 31, 2022, SIGECO was permitted to issue additional bonds under its mortgage indenture up to 60 % of then currently unfunded property additions and approximately $ 1.4 billion of additional first mortgage bonds could be issued on this basis. The mortgage indenture was amended and restated effective as of January 1, 2023 which, among other things, permits SIGECO to issue additional bonds up to 70 % of currently unfunded property additions.

*Other.* As of December 31, 2022, certain financial institutions agreed to issue, from time to time, up to $ 20 million of letters of credit on behalf of certain of Vectren's subsidiaries in exchange for customary fees. These agreements to issue letters of credit expire on February 1, 2024. As of December 31, 2022, such financial institutions had issued less than $ 1 million of letters of credit on behalf of these subsidiaries.

Houston Electric and CERC participate in a money pool through which they can borrow or invest on a short-term basis. For additional information, see Note 19.

**(14) Income Taxes**

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

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | (in millions) | | |
| **CenterPoint Energy - Continuing Operations** | | | |
| Current income tax expense (benefit): | | | |
| Federal | $ 294 | $ — | $ ( 36 ) |
| State | 46 | ( 28 ) | 32 |
| Total current expense (benefit) | 340 | ( 28 ) | ( 4 ) |
| Deferred income tax expense (benefit): | | | |
| Federal | 16 | 78 | 63 |
| State | 4 | 60 | 21 |
| Total deferred expense | 20 | 138 | 84 |
| Total income tax expense | $ 360 | $ 110 | $ 80 |
| **CenterPoint Energy - Discontinued Operations** | | | |
| Current income tax expense: | | | |
| Federal | $ — | $ 91 | $ 152 |
| State | — | 35 | 28 |
| Total current expense | — | 126 | 180 |
| Deferred income tax expense (benefit): | | | |
| Federal | — | 127 | ( 422 ) |
| State | — | ( 52 ) | ( 91 ) |
| Total deferred expense (benefit) | — | 75 | ( 513 ) |
| Total income tax expense (benefit) | $ — | $ 201 | $ ( 333 ) |
| **Houston Electric** | | | |
| Current income tax expense: | | | |
| Federal | $ 23 | $ 22 | $ 76 |
| State | 16 | 22 | 19 |
| Total current expense | 39 | 44 | 95 |
| Deferred income tax expense (benefit): | | | |
| Federal | 86 | 31 | ( 42 ) |
| State | — | 1 | — |
| Total deferred expense (benefit) | 86 | 32 | ( 42 ) |
| Total income tax expense | $ 125 | $ 76 | $ 53 |
| **CERC - Continuing Operations** | | | |
| Current income tax expense (benefit): | | | |
| Federal | $ 30 | $ — | $ — |
| State | 28 | ( 25 ) | 2 |
| Total current expense (benefit) | 58 | ( 25 ) | 2 |
| Deferred income tax expense (benefit): | | | |
| Federal | 164 | 67 | 42 |
| State | 14 | 34 | 73 |
| Total deferred expense (benefit) | 178 | 101 | 115 |
| Total income tax expense (benefit) | $ 236 | $ 76 | $ 117 |

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | | (in millions) | |
| **CERC - Discontinued Operations** | | | |
| Current income tax expense: | | | |
| Federal | $ — | $ — | $ — |
| State | — | — | — |
| Total current expense | — | — | — |
| Deferred income tax expense (benefit): | | | |
| Federal | — | — | — |
| State | — | — | ( 2 ) |
| Total deferred expense (benefit) | — | — | ( 2 ) |
| Total income tax expense (benefit) | $ — | $ — | $ ( 2 ) |

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

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | | (in millions) | |
| **CenterPoint Energy - Continuing Operations (1) (2) (3)** | | | |
| Income before income taxes | $ 1,417 | $ 778 | $ 563 |
| Federal statutory income tax rate | 21 % | 21 % | 21 % |
| Expected federal income tax expense | 298 | 163 | 118 |
| Increase (decrease) in tax expense resulting from: | | | |
| State income tax expense, net of federal income tax | 46 | 63 | 40 |
| State valuation allowance, net of federal income tax | — | ( 15 ) | 1 |
| State law change, net of federal income tax | — | ( 23 ) | — |
| Excess deferred income tax amortization | ( 51 ) | ( 75 ) | ( 76 ) |
| Goodwill impairment | 84 | — | 39 |
| Net operating loss carryback | — | — | ( 37 ) |
| Other, net | ( 17 ) | ( 3 ) | ( 5 ) |
| Total | 62 | ( 53 ) | ( 38 ) |
| Total income tax expense | $ 360 | $ 110 | $ 80 |
| Effective tax rate | 25 % | 14 % | 14 % |
| **CenterPoint Energy - Discontinued Operations (4)(5)** | | | |
| Income (loss) before income taxes | $ — | $ 1,019 | $ ( 1,589 ) |
| Federal statutory income tax rate | —% | 21 % | 21 % |
| Expected federal income tax expense (benefit) | — | 214 | ( 334 ) |
| Increase (decrease) in tax expense resulting from: | | | |
| State income tax expense, net of federal income tax | — | 14 | ( 60 ) |
| State law change, net of federal income tax | — | ( 27 ) | — |
| Goodwill impairment | — | — | 25 |
| Tax impact of sale of Energy Services and Infrastructure Services Disposal Groups | — | — | 30 |
| Other, net | — | — | 6 |
| Total | — | ( 13 ) | 1 |
| Total income tax expense (benefit) | $ — | $ 201 | $ ( 333 ) |
| Effective tax rate | —% | 20 % | 21 % |

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions) | | |
| **Houston Electric (6) (7) (8)** | | | |
| Income before income taxes | $ 635 | $ 457 | $ 387 |
| Federal statutory income tax rate | 21 % | 21 % | 21 % |
| Expected federal income tax expense | 133 | 96 | 81 |
| Increase (decrease) in tax expense resulting from: | | | |
| State income tax expense, net of federal income tax | 13 | 18 | 15 |
| Excess deferred income tax amortization | (18) | (41) | (42) |
| Other, net | (3) | 3 | (1) |
| Total | (8) | (20) | (28) |
| Total income tax expense | $ 125 | $ 76 | $ 53 |
| Effective tax rate | 20 % | 17 % | 14 % |
| **CERC - Continuing Operations (9) (10) (11)** | | | |
| Income before income taxes | $ 961 | $ 466 | $ 382 |
| Federal statutory income tax rate | 21 % | 21 % | 21 % |
| Expected federal income tax expense | 202 | 98 | 80 |
| Increase (decrease) in tax expense resulting from: | | | |
| State income tax expense, net of federal income tax | 35 | 31 | 59 |
| State law change, net of federal income tax | — | (9) | — |
| State valuation allowance, net of federal income tax | — | (15) | 1 |
| Excess deferred income tax amortization | (28) | (30) | (29) |
| Goodwill Impairment | 30 | — | — |
| Other, net | (3) | 1 | 6 |
| Total | 34 | (22) | 37 |
| Total income tax expense (benefit) | $ 236 | $ 76 | $ 117 |
| Effective tax rate | 25 % | 16 % | 31 % |
| **CERC - Discontinued Operations (12)** | | | |
| Income (loss) before income taxes | $ — | $ — | $ (68) |
| Federal statutory income tax rate | — % | — % | 21 % |
| Expected federal income tax expense (benefit) | — | — | (14) |
| Increase in tax expense resulting from: | | | |
| State income tax expense, net of federal income tax | — | — | (2) |
| Goodwill impairment | — | — | 10 |
| Other, net | — | — | 4 |
| Total | — | — | 12 |
| Total income tax expense (benefit) | $ — | $ — | $ (2) |
| Effective tax rate | — % | — % | 3 % |

(1) Recognized a $ 51 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a $ 84 million expense for the goodwill impairment on the Arkansas and Oklahoma Natural Gas business sale.

(2) Recognized a $ 75 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, a $ 23 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions, and a $ 15 million benefit for the impact of a change in the NOL carryforward period in Louisiana from 20 years to an indefinite period allowing for the release of the valuation allowance on certain Louisiana NOLs.

(3) Recognized a $ 76 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, a $ 39 million deferred tax expense for the non-deductible portion of the goodwill impairment on SIGECO, and a $ 37 million benefit for the NOL carryback claim allowed by the CARES Act.

(4) Recognized a $ 27 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions.

(5) Recognized a $ 25 million deferred tax expense for the non-deductible portion of the goodwill impairment on both the Energy Services and Infrastructure Services Disposal Groups. Also, recognized a $ 30 million net tax expense on both

the sale of the Energy Services and Infrastructure Services Disposal Groups.

(6) Recognized a $ 18 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.

(7) Recognized a $ 41 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.

(8) Recognized a $ 42 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions.

(9) Recognized a $ 28 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a $ 30 million expense for the goodwill impairment on the Arkansas and Oklahoma Natural Gas business sale.

(10) Recognized a $ 9 million benefit for the impact of state law changes that resulted in the remeasurement of state deferred taxes in those jurisdictions, a $ 30 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulators in certain jurisdictions, and a $ 15 million benefit for the impact of a change in the NOL carryforward period in Louisiana from 20 years to an indefinite period allowing for the release of the valuation allowance on certain Louisiana NOLs.

(11) Recognized a $ 29 million benefit for the amortization of the net regulatory EDIT liability as decreed by regulatory in certain jurisdictions.

(12) Recognized a $ 10 million deferred tax expense for the non-deductible portion of the goodwill impairment on the Energy Services Disposal Group.

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

| | December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (in millions) | |
| **CenterPoint Energy** | | |
| Deferred tax assets: | | |
| Benefits and compensation | $ 121 | $ 120 |
| Regulatory liabilities | 378 | 396 |
| Loss and credit carryforwards | 84 | 76 |
| Asset retirement obligations | 95 | 130 |
| Indexed debt securities derivative | — | 36 |
| Investment in unconsolidated affiliates | — | 1 |
| Other | 49 | 50 |
| Valuation allowance | ( 10 ) | ( 11 ) |
| Total deferred tax assets | 717 | 798 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | 3,228 | 2,912 |
| Regulatory assets | 601 | 741 |
| Investment in ZENS and equity securities related to ZENS | 722 | 693 |
| Investment in equity securities | — | 195 |
| Other | 152 | 161 |
| Total deferred tax liabilities | 4,703 | 4,702 |
| Net deferred tax liabilities | $ 3,986 | $ 3,904 |

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | (in millions) | |
| **Houston Electric** | | |
| Deferred tax assets: | | |
| Regulatory liabilities | $ 184 | $ 175 |
| Benefits and compensation | 10 | 13 |
| Asset retirement obligations | 6 | 9 |
| Other | 13 | 10 |
| Total deferred tax assets | 213 | 207 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | 1,330 | 1,215 |
| Regulatory assets | 112 | 114 |
| Total deferred tax liabilities | 1,442 | 1,329 |
| Net deferred tax liabilities | $ 1,229 | $ 1,122 |
| **CERC** | | |
| Deferred tax assets: | | |
| Benefits and compensation | $ 9 | $ 17 |
| Regulatory liabilities | 151 | 181 |
| Loss and credit carryforwards | 466 | 585 |
| Asset retirement obligations | 86 | 118 |
| Other | 25 | 30 |
| Total deferred tax assets | 737 | 931 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | 1,427 | 1,264 |
| Regulatory assets | 381 | 536 |
| Other | 191 | 159 |
| Total deferred tax liabilities | 1,999 | 1,959 |
| Net deferred tax liabilities | $ 1,262 | $ 1,028 |

*Tax Attribute Carryforwards and Valuation Allowance* . CenterPoint Energy has no federal NOL carryforwards and no federal charitable contribution carryforwards as of December 31, 2022. As of December 31, 2022, CenterPoint Energy had $ 1.1 billion of state NOL carryforwards that expire between 2023 and 2042, and $ 17 million of state tax credits that do not expire. CenterPoint Energy reported a valuation allowance of $ 10 million because it is more likely than not that the benefit from certain state NOL carryforwards will not be realized.

CERC has $ 1.8 billion of federal NOL carryforwards which have an indefinite carryforward period. CERC has $ 827 million of gross state NOL carryforwards which expire between 2023 and 2042 and $ 17 million of state tax credits which do not expire.

A reconciliation of CenterPoint Energy's beginning and ending balance of unrecognized tax benefits, excluding interest and penalties, for 2022 and 2021 are as follows:

| | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|
| | (in millions) | |
| Balance, beginning of year | $ 3 | $ 7 |
| Increases related to tax positions of prior years | 26 | — |
| Decreases related to tax positions of prior years | ( 3 ) | ( 4 ) |
| Balance, end of year | $ 26 | $ 3 |

CenterPoint Energy's net unrecognized tax benefits, including penalties and interest, were $ 28 million as of December 31, 2022 and are included in other non-current liabilities in the Consolidated Financial Statements. Included in the balance of uncertain tax positions as of December 31, 2022 are $ 26 million of tax benefits that, if recognized, would affect the effective tax rate. The Registrants recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. The above table does not include $ 2 million of accrued penalties and interest as of December 31, 2022. The Registrants believe that it is reasonably possible that there will be no change in unrecognized tax benefits, including penalties and interest, in the next 12 months as a result of a lapse of statutes on older exposures, a tax settlement, and/or a resolution of open audits.

*Tax Audits and Settlements* . Tax years through 2018 have been audited and settled with the IRS for CenterPoint Energy. For the 2019-2021 tax years, the Registrants are participants in the IRS's Compliance Assurance Process. Vectren's pre-Merger 2014-2019 tax years have been audited and settled with the IRS.

**(15) Commitments and Contingencies**

***(a) Purchase Obligations (CenterPoint Energy and CERC)***

Commitments include minimum purchase obligations related to CenterPoint Energy's and CERC's Natural Gas reportable segment and CenterPoint Energy's Electric reportable segment. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on the registrant and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Contracts with minimum payment provisions have various quantity requirements and durations and are not classified as non-trading derivative assets and liabilities in CenterPoint Energy's and CERC's Consolidated Balance Sheets as of December 31, 2022 and 2021. These contracts meet an exception as "normal purchases contracts" or do not meet the definition of a derivative. Natural gas and coal supply commitments also include transportation contracts that do not meet the definition of a derivative.

On October 27, 2021, the IURC issued an order approving the CPCN, authorizing Indiana Electric to purchase the Posey solar project through a BTA to acquire its solar array assets for a fixed purchase price and approved recovery of costs via a levelized rate over the anticipated 35 -year life. Due to community feedback and rising project costs caused by inflation and supply chain issues affecting the energy industry, Indiana Electric, along with Arevon, the developer, announced plans in January 2022 to downsize the Posey solar project to 191 MW. Indiana Electric collaboratively agreed to the scope change, and on February 1, 2023, Indiana Electric entered into an amended and restated BTA that is contingent on further IURC review and approval. On February 7, 2023, Indiana Electric filed a CPCN with the IURC to approve the amended BTA. With the passage of the IRA, Indiana Electric can now pursue PTCs for solar projects. Indiana Electric will request that project costs, net of PTCs, be recovered in rate base rather than a levelized rate, through base rates or the CECA mechanism, depending on which provides more timely recovery. The Posey solar project is expected to be placed in service in 2025.

On July 5, 2022, Indiana Electric entered into a BTA to acquire a 130 MW solar array in Pike County, Indiana through a special purpose entity for a capped purchase price. A CPCN for the project was filed with the IURC on July 29, 2022. On September 21, 2022, an agreement in principle was reached resolving all the issues between Indiana Electric and OUCC. The Stipulation and Settlement agreement was filed on October 6, 2022 and a settlement hearing was held on November 1, 2022. On January 11, 2023, the IURC issued an order approving the settlement agreement granting Indiana Electric to purchase and acquire the Pike County solar project through a BTA and approved the estimated cost. The IURC also designated the project as a clean energy project under Ind. Code Ch. 8-1-8.8, approved the proposed levelized rate and associated ratemaking and accounting treatment. The project is expected to be placed in service by 2025.

As of December 31, 2022, other than discussed below, undiscounted minimum purchase obligations are approximately:

| | CenterPoint Energy | | CERC |
|---|---|---|---|
| | Natural Gas and Coal Supply | Other (1) | Natural Gas Supply |
| | | (in millions) | |
| 2023 | $ 1,014 | $ 151 | $ 894 |
| 2024 | 887 | 208 | 827 |
| 2025 | 648 | 681 | 599 |
| 2026 | 488 | 45 | 445 |
| 2027 | 421 | 86 | 377 |
| 2028 and beyond | 2,070 | 453 | 1,954 |

(1) CenterPoint Energy's undiscounted minimum payment obligations related to PPAs with commitments ranging from 15 to 25 years and its purchase commitment under its BTA in Posey County, Indiana at the original contracted amount, prior to any renegotiation, and its BTA in Pike County, Indiana, are included above. The remaining undiscounted payment obligations relate primarily to technology hardware and software agreements.

Excluded from the table above are estimates for cash outlays from other PPAs through Indiana Electric that do not have minimum thresholds but do require payment when energy is generated by the provider. Costs arising from certain of these commitments are pass-through costs, generally collected dollar-for-dollar from retail customers through regulator-approved cost recovery mechanisms.

***(b) AMAs (CenterPoint Energy and CERC)***

CenterPoint Energy's and CERC's Natural Gas businesses continue to utilize AMAs associated with their utility distribution service in Indiana, Louisiana, Minnesota, Mississippi and Texas. The AMAs have varying terms, the longest of which expires in 2027. Pursuant to the provisions of the agreements, CenterPoint Energy's and CERC's Natural Gas either sells natural gas to the asset manager and agrees to repurchase an equivalent amount of natural gas throughout the year at the same cost, or simply purchases its full natural gas requirements at each delivery point from the asset manager. Generally, AMAs are contracts between CenterPoint Energy's and CERC's Natural Gas and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these agreements, CenterPoint Energy's and CERC's Natural Gas agrees to release transportation and storage capacity to other parties to manage natural gas storage, supply and delivery arrangements for CenterPoint Energy's and CERC's Natural Gas and to use the released capacity for other purposes when it is not needed for CenterPoint Energy's and CERC's Natural Gas. CenterPoint Energy's and CERC's Natural Gas may receive compensation from the asset manager through payments made over the life of the AMAs. CenterPoint Energy's and CERC's Natural Gas has an obligation to purchase their winter storage requirements that have been released to the asset manager under these AMAs. For amounts outstanding under these AMAs and AMAs with the Energy Services Disposal Group, see Notes 4 and 13.

***(c) Guarantees and Product Warranties (CenterPoint Energy)***

In the normal course of business, Energy Systems Group enters into contracts requiring it to timely install infrastructure, operate facilities, pay vendors and subcontractors and support warranty obligations and, at times, issue payment and performance bonds and other forms of assurance in connection with these contracts.

Specific to Energy Systems Group's role as a general contractor in the performance contracting industry, as of December 31, 2022, there were 66 open surety bonds supporting future performance with an aggregate face amount of approximately $ 646 million. Energy Systems Group's exposure is less than the face amount of the surety bonds and is limited to the level of uncompleted work under the contracts. As of December 31, 2022, approximately 37 % of the work was yet to be completed on projects with open surety bonds. Further, various subcontractors issue surety bonds to Energy Systems Group. In addition to these performance obligations, Energy Systems Group also warrants the functionality of certain installed infrastructure generally for one year and the associated energy savings over a specified number of years. As of December 31, 2022, there were 34 warranties totaling $ 521 million and an additional $ 1.4 billion in energy savings commitments not guaranteed by Vectren Corp. Since Energy Systems Group's inception in 1994, CenterPoint Energy believes Energy Systems Group has had a history of generally meeting its performance obligations and energy savings guarantees and its installed products operating effectively. CenterPoint Energy assessed the fair value of its obligation for such guarantees as of December 31, 2022 and no amounts were recorded on CenterPoint Energy's Consolidated Balance Sheets.

CenterPoint Energy issues parent company level guarantees to certain vendors, customers and other commercial counterparties of Energy Systems Group. These guarantees do not represent incremental consolidated obligations, but rather, represent guarantees of subsidiary obligations to allow those subsidiaries to conduct business without posting other forms of assurance. As of December 31, 2022, CenterPoint Energy, primarily through Vectren, has issued parent company level guarantees supporting Energy Systems Group's obligations. For those obligations where potential exposure can be estimated, management estimates the maximum exposure under these guarantees to be approximately $ 527 million as of December 31, 2022. This exposure primarily relates to energy savings guarantees on federal energy savings performance contracts. Other parent company level guarantees, certain of which do not contain a cap on potential liability, have been issued in support of federal operations and maintenance projects for which a maximum exposure cannot be estimated based on the nature of the projects. While there can be no assurance that performance under any of these parent company guarantees will not be required in the future, CenterPoint Energy considers the likelihood of a material amount being incurred as remote.

***(d) Legal, Environmental and Other Matters***

***Legal Matters***

*Litigation Related to the February 2021 Winter Storm Event.* Various legal proceedings are still pending and new legal matters are being filed against numerous entities with respect to the February 2021 Winter Storm Event, including against CenterPoint Energy, Utility Holding, LLC, Houston Electric, and CERC. Like other Texas energy companies and TDUs, CenterPoint Energy and Houston Electric have become involved in certain investigations, litigation and other regulatory and legal proceedings regarding their efforts to restore power during the storm and their compliance with NERC, ERCOT and PUCT rules and directives. Additionally, like other natural gas market participants, CERC has recently been named in litigation alleging gas market manipulation.

CenterPoint Energy, Utility Holding, LLC, and Houston Electric, along with hundreds of other defendants (including ERCOT, power generation companies, other TDUs, natural gas producers, REPs, and other entities) have received, and may continue to receive, claims and lawsuits filed by plaintiffs alleging wrongful death, personal injury, property damage and other injuries and damages.

The litigation is consolidated in Texas state court in Harris County, Texas, as part of a multi-district litigation proceeding. The judge overseeing the multi-district litigation issued an initial case management order and stayed all proceedings and discovery. Per the case management order, the judge entertained dispositive motions in five representative or "bellwether" cases and, in late January 2023, issued rulings on them. The judge ruled that ERCOT has sovereign immunity as a governmental entity and dismissed the suits against it. The judge also dismissed all claims against the natural gas defendants (which incorrectly included Utility Holding, LLC), and the REP defendants and some causes of action against the other defendants. As to the TDU and generator defendants, the judge dismissed some causes of action but denied the motions to dismiss claims for negligence, gross negligence, and nuisance, which denial the TDU defendants and generator defendants are asking the court of appeals to overturn. The judge allowed plaintiffs to file amended petitions, but otherwise the cases remain stayed for now as the judge addresses additional preliminary issues.

Following the initial rulings and around the two-year anniversary of the February 2021 Winter Storm Event, there have been voluminous amendments, non-suits, re-filings, and new filings of lawsuits, such that the pleadings are still being settled and the precise number of cases and claims against particular defendants and in total is still being determined. As of February 15, 2023, there are approximately 250 pending lawsuits that are in or will be added to the multi-district litigation proceeding related to the February 2021 Winter Storm Event, and CenterPoint Energy and Houston Electric, along with numerous other entities, have been named as defendants in approximately 160 of those. One of the newly filed lawsuits is a putative class action on behalf of everyone who received electric power via the ERCOT grid and sustained a power outage between February 10, 2021 and February 28, 2021. Additionally, Utility Holding, LLC has been named as a defendant in approximately 20 lawsuits, but those claims are being dismissed in light of the judge's rulings. CenterPoint Energy, Utility Holding, LLC, and Houston Electric intend to vigorously defend themselves against the claims raised.

CenterPoint Energy and Houston Electric have also responded to inquiries from the Texas Attorney General and the Galveston County District Attorney's Office, and various other regulatory and governmental entities also conducted inquiries, investigations and other reviews of the February 2021 Winter Storm Event and the efforts made by various entities to prepare for, and respond to, the event, including the electric generation shortfall issues.

In February 2023, several lawsuits were filed in state district court in Harris County and Tom Green County, Texas, against dozens of gas market participants in Texas, including natural gas producers, processors, pipelines, marketers, sellers, traders, gas utilities, and financial institutions. Plaintiffs named CERC as one such defendant, along with "CenterPoint Energy Services, Inc.," incorrectly identifying it as CERC's parent company (CenterPoint Energy previously divested CES). One lawsuit is a putative class action on behalf of two classes of electric and natural gas customers (those who experienced a loss of electricity and/or natural gas, and those who were charged securitization-related surcharges on a utility bill or were otherwise charged higher rates for electricity and/or gas during the February 2021 Winter Storm Event), potentially including millions of class members. The other lawsuits are brought by an entity that purports to be an assignee of claims by tens of thousands of persons and entities that have assigned claims to the plaintiff. Together, the lawsuits allege that the defendants engaged in gas market manipulation and price gouging, including by intentionally withholding, suppressing, or diverting supplies of natural gas in connection with the February 2021 Winter Storm Event, Winter Storm Elliott, and other severe weather conditions, and through financial market manipulation. Plaintiffs allege that this manipulation impacted gas supply and prices as well as the market, supply, and price of electricity in Texas and caused blackouts and other damage. Plaintiffs assert claims for tortious interference with existing contract, private nuisance, and unjust enrichment, and allege a broad array of injuries and damages, including personal injury, property damage, and harm from certain costs being securitized and passed on to ratepayers. The lawsuits do not specify the amount of damages sought, but seek broad categories of actual, compensatory, statutory, consequential economic, and punitive damages; restitution and disgorgement; pre- and post-judgment interest; costs and attorneys' fees; and other relief. CERC intends to vigorously defend itself against the claims raised.

To date, there have not been demands, quantification, disclosure or discovery of damages by any party to any of the above legal matters that are sufficient to enable CenterPoint Energy and its subsidiaries to estimate exposure. Given that, as well as the preliminary nature of the proceedings, the numerosity of parties and complexity of issues involved, and the uncertainties of litigation, CenterPoint Energy and its subsidiaries are unable to predict the outcome or consequences of any of the foregoing matters or to estimate a range of potential losses. CenterPoint Energy and its subsidiaries have general and excess liability insurance policies that provide coverage for third party bodily injury and property damage claims. Given the nature of certain of the recent allegations, however, it is possible that the insurers for third party bodily injury and property damage claims could dispute coverage for other types of damage that may be alleged by plaintiffs. CenterPoint Energy and its subsidiaries intend to continue to pursue any and all available insurance coverage for all of the litigation related to the February 2021 Winter Storm Event.

***Environmental Matters***

*MGP Sites.* CenterPoint Energy, CERC and their predecessors, including predecessors of Vectren, operated MGPs in the past. The costs CenterPoint Energy or CERC, as applicable, expect to incur to fulfill their respective obligations are estimated by management using assumptions based on actual costs incurred, the timing of expected future payments and inflation factors, among others. While CenterPoint Energy and CERC have recorded obligations for all costs which are probable and estimable, including amounts they are presently obligated to incur in connection with activities at these sites, it is possible that future events may require remedial activities which are not presently foreseen, and those costs may not be subject to PRP or insurance recovery.

(i) *Minnesota MGPs (CenterPoint Energy and CERC)* . With respect to certain Minnesota MGP sites, CenterPoint Energy and CERC have completed state-ordered remediation and continue state-ordered monitoring and water treatment. CenterPoint Energy and CERC recorded a liability as reflected in the table below for continued monitoring and any future remediation required by regulators in Minnesota.

(ii) *Indiana MGPs (CenterPoint Energy and CERC)* . In the Indiana Gas service territory, the existence, location and certain general characteristics of 26 gas manufacturing and storage sites have been identified for which CenterPoint Energy and CERC may have some remedial responsibility. A remedial investigation/feasibility study was completed at one of the sites under an agreed upon order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. The remaining sites have been submitted to the IDEM's VRP. CenterPoint Energy has also identified its involvement in 5 manufactured gas plant sites in SIGECO's service territory, all of which are currently enrolled in the IDEM's VRP. CenterPoint Energy is currently conducting some level of remedial activities, including groundwater monitoring at certain sites.

(iii) *Other MGPs (CenterPoint Energy and CERC).* In addition to the Minnesota and Indiana sites, the EPA and other regulators have investigated MGP sites that were owned or operated by CenterPoint Energy or CERC or may have been owned by one of their former affiliates.

Total costs that may be incurred in connection with addressing these sites cannot be determined at this time. The estimated accrued costs are limited to CenterPoint Energy's and CERC's share of the remediation efforts and are therefore net of exposures of other PRPs. The estimated range of possible remediation costs for the sites for which CenterPoint Energy and CERC believe they may have responsibility was based on remediation continuing for the minimum time frame given in the table below.

| | December 31, 2022 | |
|---|---|---|
| | CenterPoint Energy | CERC |
| | (in millions, except years) | |
| Amount accrued for remediation | $ 16 | $ 14 |
| Minimum estimated remediation costs | 12 | 11 |
| Maximum estimated remediation costs | 51 | 44 |
| Minimum years of remediation | 5 | 5 |
| Maximum years of remediation | 50 | 50 |

The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will depend on the number of sites to be remediated, the participation of other PRPs, if any, and the remediation methods used.

CenterPoint Energy and CERC do not expect the ultimate outcome of these matters to have a material adverse effect on the financial condition, results of operations or cash flows of either CenterPoint Energy or CERC.

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

*CCR Rule (CenterPoint Energy).* In April 2015, the EPA finalized its CCR Rule, which regulates ash as non-hazardous material under the RCRA. The final rule allows beneficial reuse of ash, and the majority of the ash generated by Indiana Electric's generating plants will continue to be reused. In July 2018, the EPA released its final CCR Rule Phase I Reconsideration which extended the deadline to October 31, 2020 for ceasing placement of ash in ponds that exceed groundwater protections standards or that fail to meet location restrictions. In August 2019, the EPA proposed additional "Part A" amendments to its CCR Rule with respect to beneficial reuse of ash and other materials. Further "Part B" amendments, which related to alternate liners for CCR surface impoundments and the surface impoundment closure process, were published in March 2020. The Part A amendments were finalized in August 2020 and extended the deadline to cease placement of ash in ponds to April 11, 2021, discussed further below. The Part A amendments do not restrict Indiana Electric's current beneficial reuse of its fly ash. CenterPoint Energy evaluated the Part B amendments to determine potential impacts and determined that the Part B amendments did not have an impact on its current plans.

Indiana Electric has three ash ponds, two at the F.B. Culley facility (Culley East and Culley West) and one at the A.B. Brown facility. Under the existing CCR Rule, Indiana Electric is required to perform integrity assessments, including ground water monitoring, at its F.B. Culley and A.B. Brown generating stations. The ground water studies are necessary to determine the remaining service life of the ponds and whether a pond must be retrofitted with liners or closed in place. Indiana Electric's Warrick generating unit is not included in the scope of the CCR Rule as this unit has historically been part of a larger generating station that predominantly serves an adjacent industrial facility. Preliminary groundwater monitoring indicates potential groundwater impacts very close to Indiana Electric's ash impoundments, and further analysis is ongoing. The CCR Rule required companies to complete location restriction determinations by October 18, 2018. Indiana Electric completed its evaluation and determined that one F.B. Culley pond (Culley East) and the A.B. Brown pond fail the aquifer placement location restriction. As a result of this failure, Indiana Electric was required to cease disposal of new ash in the ponds and commence closure of the ponds by April 11, 2021, unless approved for an extension. CenterPoint Energy filed timely extension requests available under the CCR Rule that would allow Indiana Electric to continue to use the ponds through October 15, 2023. The EPA is still reviewing industry extension requests, including CenterPoint Energy's extension request for the Culley East pond. Companies can continue to operate ponds pending completion of the EPA's evaluation of the requests for extension. If the EPA denies a full extension request, that denial may result in increased and potentially significant operational costs in connection with the accelerated implementation of an alternative ash disposal system or may adversely impact Indiana Electric's future operations. Failure to comply with a cease waste receipt could also result in an enforcement proceeding, resulting in the imposition of fines and penalties. On October 5, 2022, EPA issued a proposed conditional approval of the Part A extension request for the A.B. Brown pond. On April 24, 2019, Indiana Electric received an order from the IURC approving recovery in rates of costs associated with the closure of the Culley West pond, which has already completed closure activities. On August 14, 2019, Indiana Electric filed its petition with the IURC for recovery of costs associated with the closure of the A.B. Brown ash pond, which would include costs associated with the excavation and recycling of ponded ash. This petition was subsequently approved by the IURC on May 13, 2020. On October 28, 2020, the IURC approved Indiana Electric's ECA proceeding, which included the initiation of recovery of the federally mandated project costs.

In July 2018, Indiana Electric filed a Complaint for Damages and Declaratory Relief against its insurers seeking reimbursement of defense, investigation and pond closure costs incurred to comply with the CCR Rule, and has since reached confidential settlement agreements with its insurers. The proceeds of these settlements will offset costs that have been and will be incurred to close the ponds. On November 1, 2022, Indiana Electric filed for a CPCN to recover federally mandated costs associated with closure of the Culley East Pond, its third and final ash pond. Indiana Electric is also seeking accounting and ratemaking relief for the project. The project costs are estimated to be approximately $ 50 million, inclusive of overheads.

OUCC and intervenor testimony is due February 10, 2023 and Indiana Electric's rebuttal testimony is due on February 24, 2023. A hearing is currently scheduled for March 14, 2023.

As of December 31, 2022, CenterPoint Energy has recorded an approximate $ 104 million ARO, which represents the discounted value of future cash flow estimates to close the ponds at A.B. Brown and F.B. Culley. This estimate is subject to change due to the contractual arrangements; continued assessments of the ash, closure methods, and the timing of closure; implications of Indiana Electric's generation transition plan; changing environmental regulations; and proceeds received from the settlements in the aforementioned insurance proceeding. In addition to these AROs, Indiana Electric also anticipates equipment purchases of between $ 60 million and $ 80 million to complete the A.B. Brown closure project.

*Clean Water Act Permitting of Groundwater Discharges* . In April 2020, the U.S. Supreme Court issued an opinion providing that indirect discharges via groundwater or other non-point sources are subject to permitting and liability under the Clean Water Act when they are the functional equivalent of a direct discharge. The Registrants are evaluating the extent to which this decision will affect Clean Water Act permitting requirements and/or liability for their operations.

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

***Other Proceedings***

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

**(16) Earnings Per Share (CenterPoint Energy)**

The Series C Preferred Stock issued in May 2020 were considered participating securities since these shares participated in dividends on Common Stock on a pari passu, pro rata, as-converted basis. As a result, beginning June 30, 2020, earnings per share on Common Stock was computed using the two-class method required for participating securities during the periods the Series C Preferred Stock was outstanding. As of May 7, 2021, all of the remaining outstanding Series C Preferred Stock were converted into shares of Common Stock and earnings per share on Common Stock and, as such, the two-class method was no longer applicable beginning June 30, 2021.

The two-class method uses an earnings allocation formula that treats participating securities as having rights to earnings that otherwise would have been available only to common shareholders. Under the two-class method, income (loss) available to common shareholders from continuing operations is derived by subtracting the following from income (loss) from continuing operations:

- preferred share dividend requirement;
- deemed dividends for the amortization of the beneficial conversion feature recognized at issuance of the Series C Preferred Stock; and
- an allocation of undistributed earnings to preferred shareholders of participating securities (Series C Preferred Stock) based on the securities' right to receive dividends.

Undistributed earnings are calculated by subtracting dividends declared on Common Stock, the preferred share dividend requirement and deemed dividends for the amortization of the beneficial conversion feature from net income. Net losses are not allocated to the Series C Preferred Stock as it does not have a contractual obligation to share in the losses of CenterPoint Energy.

The Series C Preferred Stock included conversion features at a price that were below the fair value of the Common Stock on the commitment date. This beneficial conversion feature, which was approximately $ 32 million, represents the difference between the fair value per share of the Common Stock as of the commitment date and the conversion price, multiplied by the number of common shares issuable upon conversion. The beneficial conversion feature was recognized as a discount to Series C Preferred Stock and was amortized as a deemed dividend over the period from the issue date to the first allowable conversion date, which was November 6, 2020.

Basic earnings per common share is computed by dividing income available to common shareholders from continuing operations by the basic weighted average number of common shares outstanding during the period. Participating securities are excluded from basic weighted average number of common shares outstanding. Diluted earnings per common share is computed by dividing income available to common shareholders from continuing operations by the weighted average number of common shares outstanding, including all potentially dilutive common shares, if the effect of such common shares is dilutive.

Diluted earnings per share reflects the dilutive effect of potential common shares from share-based awards and convertible preferred shares. The dilutive effect of the restricted stock, Series B Preferred Stock and Series C Preferred Stock is computed using the if-converted method, which assumes conversion of the restricted stock, Series B Preferred Stock and Series C Preferred Stock at the beginning of the period, giving income recognition for the add-back of the preferred share dividends, amortization of beneficial conversion feature, and undistributed earnings allocated to preferred shareholders. The dilutive effect of restricted stock is computed using the treasury stock method, as applicable, which includes the incremental shares that would be hypothetically vested in excess of the number of shares assumed to be hypothetically repurchased with the assumed proceeds.

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions, except per share and share amounts) | | |
| **Numerator:** | | | |
| Income from continuing operations | $ 1,057 | $ 668 | $ 483 |
| Less: Preferred stock dividend requirement (Note 12) | 49 | 95 | 144 |
| Less: Amortization of beneficial conversion feature (Note 12) | — | — | 32 |
| Income available to common shareholders from continuing operations - basic and diluted | 1,008 | 573 | 307 |
| Income (loss) available to common shareholders from discontinued operations - basic and diluted | — | 818 | (1,256) |
| Income (loss) available to common shareholders - basic and diluted | $ 1,008 | $ 1,391 | $ (949) |
| **Denominator:** | | | |
| Weighted average common shares outstanding - basic | 629,415,000 | 592,933,000 | 531,031,000 |
| Plus: Incremental shares from assumed conversions: | | | |
| Restricted stock | 2,931,000 | 5,181,000 | — |
| Series C Preferred Stock (3) | — | 11,824,000 | — |
| Weighted average common shares outstanding - diluted | 632,346,000 | 609,938,000 | 531,031,000 |
| | | | |
| **Anti-dilutive Incremental Shares Excluded from Denominator for Diluted Earnings (Loss) Computation:** | | | |
| Restricted stock | — | — | 3,690,000 |
| Series B Preferred Stock (2) | — | 23,906,000 | 35,922,000 |
| Series C Preferred Stock (3) | — | — | 23,807,000 |

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | (in millions, except per share and share amounts) | | |
| **Earnings (loss) per common share:** | | | |
| Basic earnings per common share - continuing operations | $ 1.60 | $ 0.97 | $ 0.58 |
| Basic earnings (loss) per common share - discontinued operations | — | 1.38 | (2.37) |
| **Basic Earnings (Loss) Per Common Share** | $ 1.60 | $ 2.35 | $ (1.79) |
| Diluted earnings per common share - continuing operations | $ 1.59 | $ 0.94 | $ 0.58 |
| Diluted earnings (loss) per common share - discontinued operations | — | 1.34 | (2.37) |
| **Diluted Earnings (Loss) Per Common Share** | $ 1.59 | $ 2.28 | $ (1.79) |

(1) There were no undistributed earnings to be allocated to participating securities for the years ended December 31, 2021 and 2020.
(2) As of December 31, 2021, all of the outstanding Series B Preferred Stock has been converted into Common Stock. For further information, see Note 12.
(3) As of December 31, 2021, all of the outstanding Series C Preferred Stock has been converted into Common Stock. For further information, see Note 12.

**(17) Reportable Segments**

The Registrants' determination of reportable segments considers the strategic operating units under which its CODM manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. Each Registrant's CODM views net income as the measure of profit or loss for the reportable segments. Certain prior year amounts have been reclassified for assets held for sale, discontinued operations, or the Restructuring as described below. Additionally, in 2022 CenterPoint Energy sold certain assets previously owned by entities within Corporate and Other to businesses within the Electric and Natural Gas reportable segments, and prior year amounts were reclassified.

As of December 31, 2022, reportable segments by Registrant are as follows:

**CenterPoint Energy**

- CenterPoint Energy's Electric reportable segment consisted of electric transmission and distribution services in the Texas gulf coast area in the ERCOT region and electric transmission and distribution services primarily to southwestern Indiana and includes power generation and wholesale power operations in the MISO region.
- CenterPoint Energy's Natural Gas reportable segment consists of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; and (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.
- CenterPoint Energy's Corporate and Other reportable segment consists of energy performance contracting and sustainable infrastructure services through Energy Systems Group and other corporate operations which support all of the business operations of CenterPoint Energy.

**Houston Electric**

- Houston Electric's single reportable segment consisted of electric transmission services to transmission service customers in the ERCOT region and distribution services to REPs in the Texas gulf coast area.

**CERC**

- CERC's single reportable segment following the Restructuring consisted of (i) intrastate natural gas sales to, and natural gas transportation and distribution for residential, commercial, industrial and institutional customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas; and (ii) permanent pipeline connections through interconnects with various interstate and intrastate pipeline companies through CEIP.

Expenditures for long-lived assets include property, plant and equipment. Intersegment sales are eliminated in consolidation, except as described in Note 4.

Financial data for reportable segments is as follows, including Discontinued Operations for reconciliation purposes:

**CenterPoint Energy**

| | Revenues from External Customers | Depreciation and Amortization | Interest Income (1) | Interest Expense | Income Tax Expense (Benefit) | Net Income (Loss) |
|---|---|---|---|---|---|---|
| | | | (in millions) | | | |
| **For the year ended December 31, 2022:** | | | | | | |
| Electric | $ 4,108 | $ 793 | $ 4 | $ (235) | $ 147 | $ 603 |
| Natural Gas | 4,946 | 466 | 2 | (137) | 243 | 492 |
| Corporate and Other | 267 | 29 | 59 | (214) | (30) | (38) |
| Eliminations | — | — | (62) | 62 | — | — |
| Continuing Operations | $ 9,321 | $ 1,288 | $ 3 | $ (524) | $ 360 | 1,057 |
| Discontinued Operations, net | | | | | | — |
| Consolidated | | | | | | $ 1,057 |
| **For the year ended December 31, 2021:** | | | | | | |
| Electric | $ 3,763 | $ 775 | $ — | $ (226) | $ 95 | $ 475 |
| Natural Gas | 4,336 | 527 | 1 | (141) | 80 | 403 |
| Corporate and Other | 253 | 14 | 118 | (278) | (65) | (210) |
| Eliminations | — | — | (116) | 116 | — | — |
| Continuing Operations | $ 8,352 | $ 1,316 | $ 3 | $ (529) | $ 110 | 668 |
| Discontinued Operations, net | | | | | | 818 |
| Consolidated | | | | | | $ 1,486 |
| **For the year ended December 31, 2020:** | | | | | | |
| Electric | $ 3,470 | $ 684 | $ 3 | $ (220) | $ 72 | $ 230 |
| Natural Gas | 3,631 | 491 | 8 | (153) | 125 | 278 |
| Corporate and Other | 317 | 14 | 104 | (267) | (117) | (25) |
| Eliminations | — | — | (111) | 111 | — | — |
| Continuing Operations | $ 7,418 | $ 1,189 | $ 4 | $ (529) | $ 80 | 483 |
| Discontinued Operations, net | | | | | | (1,256) |
| Consolidated | | | | | | $ (773) |

(1) Interest income from Securitization Bonds of less than $ 1 million, $ 1 million and $ 1 million for the years ended December 31, 2022, 2021 and 2020, respectively, is included in Other income, net on CenterPoint Energy's and Houston Electric's respective Statements of Consolidated Income.

| | Total Assets | | Expenditures for Long-lived Assets | | |
|---|---|---|---|---|---|
| | December 31, | | December 31, | | |
| | 2022 | 2021 | 2022 | 2021 | 2020 |
| | | | (in millions) | | |
| Electric | $ 19,024 | $ 16,548 | $ 2,611 | $ 2,008 | $ 1,281 |
| Natural Gas | 18,043 | 16,270 | 1,697 | 1,178 | 1,139 |
| Corporate and Other, net of eliminations (1) | 1,479 | 2,523 | 107 | 42 | 95 |
| Continuing Operations | 38,546 | 35,341 | 4,415 | 3,228 | 2,515 |
| Assets Held for Sale/Discontinued Operations | — | 2,338 | 3 | 171 | 21 |
| Consolidated | $ 38,546 | $ 37,679 | $ 4,418 | $ 3,399 | $ 2,536 |

(1) Total assets included pension and other postemployment-related regulatory assets of $ 405 million and $ 427 million as of December 31, 2022 and 2021, respectively.

***Assets Held for Sale and Discontinued Operations (CenterPoint Energy and CERC)***

For further information regarding CenterPoint Energy's and CERC's assets held for sale, discontinued operations and disposals, see Note 4.

**Houston Electric**

Houston Electric consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

**CERC**

CERC consists of a single reportable segment; therefore, a tabular reportable segment presentation has not been included.

***Major Customers (CenterPoint Energy and Houston Electric)***

Houston Electric's revenues from major external customers are as follows:

| | Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| | (in millions) | | |
| Affiliates of NRG | $ 1,046 | $ 905 | $ 749 |
| Affiliates of Vistra Energy Corp. | 489 | 410 | 404 |

***Revenues by Products and Services***

| Revenues by Products and Services: | 2022 CenterPoint Energy | 2022 Houston Electric | 2022 CERC | 2021 CenterPoint Energy | 2021 Houston Electric | 2021 CERC (1) | 2020 CenterPoint Energy | 2020 Houston Electric | 2020 CERC (1) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (in millions) | | | | |
| Electric delivery | $ 3,438 | $ 3,412 | $ — | $ 3,158 | $ 3,134 | $ — | $ 2,941 | $ 2,911 | $ — |
| Retail electric sales | 630 | — | — | 559 | — | — | 515 | — | — |
| Wholesale electric sales | 40 | — | — | 46 | — | — | 14 | — | — |
| Retail gas sales | 4,759 | — | 4,613 | 4,157 | — | 4,021 | 3,462 | — | 3,362 |
| Gas transportation and processing | 12 | — | 12 | 12 | — | 12 | 15 | — | 15 |
| Energy products and services | 442 | — | 175 | 420 | — | 167 | 471 | — | 154 |
| Total | $ 9,321 | $ 3,412 | $ 4,800 | $ 8,352 | $ 3,134 | $ 4,200 | $ 7,418 | $ 2,911 | $ 3,531 |

(1) Includes revenues of Indiana Gas and VEDO to reflect the recast from the Restructuring.

**(18) Supplemental Disclosure of Cash Flow Information**

CenterPoint Energy and CERC elected not to separately disclose discontinued operations on their respective Condensed Statements of Consolidated Cash Flows. The table below provides supplemental disclosure of cash flow information and does not exclude the Infrastructure Services and Energy Services Disposal Groups prior to the closing of the respective transactions.

The tables below provide supplemental disclosure of cash flow information:

| | 2022 | | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | | | | |
| **Cash Payments/Receipts:** | | | | | | | | | |
| Interest, net of capitalized interest | $ 480 | $ 223 | $ 104 | $ 489 | $ 208 | $ 130 | $ 471 | $ 201 | $ 143 |
| Income tax payments (refunds), net | 421 | 142 | 37 | (46) | 20 | (7) | 143 | 65 | (5) |
| **Non-cash transactions:** | | | | | | | | | |
| Accounts payable related to capital expenditures | 335 | 168 | 139 | 370 | 261 | 128 | 153 | 102 | 66 |
| Fair Value of Energy Transfer Common Units received for Enable Merger | — | — | — | 1,672 | — | — | — | — | — |
| Fair Value of Energy Transfer Series G Preferred Units received for Enable Merger | — | — | — | 385 | — | — | — | — | — |
| ROU assets obtained in exchange for lease liabilities | 7 | 6 | — | 2 | — | — | 15 | 1 | 5 |
| Beneficial conversion feature | — | — | — | — | — | — | 32 | — | — |
| Amortization of beneficial conversion feature | — | — | — | — | — | — | (32) | — | — |

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

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Cash and cash equivalents (1) | $ 74 | $ 75 | $ — | $ 230 | $ 214 | $ 15 |
| Restricted cash included in Prepaid expenses and other current assets | 17 | 13 | — | 24 | 19 | — |
| Total cash, cash equivalents and restricted cash shown in Statements of Consolidated Cash Flows | $ 91 | $ 88 | $ — | $ 254 | $ 233 | $ 15 |

(1) Houston Electric's Cash and cash equivalents as of December 31, 2022 and 2021 included $ 75 million and $ 92 million, respectively, of cash related to the Bond Companies.

**(19) Related Party Transactions (Houston Electric and CERC)**

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

The table below summarizes money pool activity:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Houston Electric | CERC | Houston Electric | CERC |
| | (in millions, except interest rates) | | | |
| Money pool investments (borrowings) (1) | $ (642) | $ — | $ (512) | $ (224) |
| Weighted average interest rate | 4.75 % | 4.75 % | 0.34 % | 0.34 % |

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

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2020 | |
| | Houston Electric | CERC | Houston Electric | CERC (1) | Houston Electric | CERC (1) |
| | (in millions) | | | | | |
| Interest income (expense), net (2) | $ — | $ (18) | $ — | $ (38) | $ — | $ (35) |

(1) Includes affiliate-related net interest expense of Indiana Gas and VEDO to reflect the Restructuring.
(2) Interest income is included in Other, net and interest expense is included in Interest and other finance charges on Houston Electric's and CERC's respective Statements of Consolidated Income.

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

Amounts charged for these services are included primarily in Operation and maintenance expenses:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2020 | |
| | Houston Electric | CERC | Houston Electric | CERC | Houston Electric | CERC |
| | (in millions) | | | | | |
| Corporate service charges | $ 167 | $ 237 | $ 189 | $ 257 | $ 197 | $ 232 |
| Net affiliate service charges (billings) | 15 | (15) | (7) | 7 | (16) | 16 |

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2020 | |
| | Houston Electric | CERC | Houston Electric | CERC | Houston Electric | CERC |
| | (in millions) | | | | | |
| Cash dividends paid to parent | $ 316 | $ 124 | $ — | $ — | $ 551 | $ 128 |
| Cash dividend paid to parent related to the sale of the Arkansas and Oklahoma Natural Gas businesses | — | 720 | — | — | — | — |
| Cash contribution from parent | 1,143 | 289 | 130 | 140 | 62 | 337 |
| Net assets acquired in the Restructuring (1) | — | 2,345 | — | — | — | — |
| Capital distribution to parent associated with the sale of CES | — | — | — | — | — | 286 |
| Non-cash capital contribution from parent in payment for property, plant and equipment below | 38 | 54 | — | — | — | — |
| Cash paid to parent for property, plant and equipment below | 65 | 61 | — | — | — | — |
| Property, plant and equipment from parent (2) | 103 | 115 | — | — | 36 | 23 |

(1) The Restructuring was a common control transaction that required the recasting of financial information to the earliest period presented. Therefore, the net asset transfer is not reflected during the current period on CERC's Condensed Statements of Consolidated Changes in Equity.

(2) Property, plant and equipment purchased from CenterPoint Energy at its net carrying value on the date of purchase.

**(20) Leases**

An arrangement is determined to be a lease at inception based on whether the Registrant has the right to control the use of an identified asset. ROU assets represent the Registrants' right to use the underlying asset for the lease term and lease liabilities represent the Registrants' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, including payments at commencement that depend on an index or rate. Most leases in which the Registrants are the lessee do not have a readily determinable implicit rate, so an incremental borrowing rate, based on the information available at the lease commencement date, is utilized to determine the present value of lease payments. When a secured borrowing rate is not readily available, unsecured borrowing rates are adjusted for the effects of collateral to determine the incremental borrowing rate. Each Registrant uses the implicit rate for agreements in which it is a lessor. Lease income and expense for operating leases and ROU amortization for finance leases are recognized on a straight-line basis over the lease term.

The Registrants have lease agreements with lease and non-lease components and have elected the practical expedient to combine lease and non-lease components for certain classes of leases, such as office buildings and mobile generators. For classes of leases in which lease and non-lease components are not combined, consideration is allocated between components based on the stand-alone prices. Sublease income is not significant to the Registrants.

The Registrants' lease agreements do not contain any material residual value guarantees, material restrictions or material covenants. There are no lease transactions with related parties. Agreements in which the Registrants are lessors do not include provisions for the lessee to purchase the assets. Because risk is minimal, the Registrants do not take any significant actions to manage risk associated with the residual value of their leased assets.

The Registrants' operating lease agreements are primarily equipment and real property leases, including land and office facility leases. CenterPoint Energy and Houston Electric also have finance lease agreements for mobile generators. The Registrants' lease terms may include options to extend or terminate a lease when it is reasonably certain that those options will be exercised. The Registrants have elected an accounting policy that exempts leases with terms of one year or less from the recognition requirements of ASC 842.

In 2021, Houston Electric entered into a temporary short-term lease and long-term leases for mobile generation. The short-term lease agreement allows Houston Electric to take delivery of TEEEF assets on a short-term basis with an initial term ending on September 30, 2022 and extended until December 31, 2022. As of December 31, 2022, the short-term lease agreement has expired and all mobile generation assets are leased under the long-term lease agreement. Per Houston Electric's short-term lease accounting policy election, a ROU asset and lease liability are not reflected on Houston Electric's Condensed Consolidated Balance Sheets. Expenses associated with the short-term lease, including carrying costs, are deferred to a regulatory asset and totaled $ 103 million and $ 20 million as of December 31, 2022 and 2021, respectively.

The long-term lease agreement includes up to 505 MW of TEEEF of which 380 MW and 125 MW was delivered as of December 31, 2022 and 2021, respectively, triggering lease commencement at delivery, and has an initial term ending in 2029 for all TEEEF leases. The total cash payments under the long-term lease totaled $ 664 million, with $ 179 million paid in 2021 and the remaining $ 485 million paid in 2022. These assets were previously available under the short-term lease agreement. Houston Electric derecognized the finance lease liability when the extinguishment criteria in Topic 405 - *Liabilities* was achieved. Per the terms of the agreement, lease payments are due and made in full by Houston Electric upon taking possession of the asset, relieving substantially all of the associated finance lease liability at that time. The remaining finance lease liability associated with the commenced long-term TEEEF agreement was not significant as of December 31, 2022 and 2021 and relates to removal costs that will be incurred at the end of the lease term. As of December 31, 2022, Houston Electric has secured a first lien on the assets leased under the prepayment agreement, except for assets with lease payments totaling $ 113 million. The $ 113 million prepayment is being held in an escrow account, not controlled by Houston Electric, and the funds will be released when a first lien can be secured by Houston Electric. Expenses associated with the long-term lease, including depreciation expense on the right of use asset and carrying costs, are deferred to a regulatory asset and totaled $ 60 million and $ 1 million as of December 31, 2022 and 2021, respectively. The long-term lease agreement contains a termination clause that can be exercised in the event of material adverse regulatory actions. If the right to terminate is elected, subject to the satisfaction of certain conditions, 75 % of Houston Electric's prepaid lease costs that is attributable to the period from the effective date of termination to the end of the lease term would be refunded. In December 2022, the long-term lease agreement was amended to include a disallowance reimbursement clause that can be exercised in the event that any regulatory proceeding or settlement agreement results in a disallowance of Houston Electric's recovery of deferred costs under either the long-term lease agreement, short-term lease agreement or any other quantifiable adverse financial impact to Houston Electric. If the disallowance reimbursement clause is exercised, 85 % of such disallowance up to $ 53 million would be paid to Houston Electric. Any disallowance greater than $ 53 million would remain subject to the 75 % limit set forth in the termination clause. For further discussion of the regulatory impacts, see Note 7.

Houston Electric will also incur variable costs throughout the lease term for the operation and maintenance of the generators. Lease costs, including variable and ROU asset amortization costs, are deferred to Regulatory assets as incurred as a recoverable cost under the 2021 Texas legislation. See Note 7 for further information regarding recovery of these deferred costs.

The components of lease cost, included in Operation and maintenance expense on the Registrants' respective Statements of Consolidated Income, are as follows:

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Operating lease cost | $ 6 | $ 1 | $ 2 | $ 8 | $ 1 | $ 4 |
| Short-term lease cost | 167 | 166 | 1 | 119 | 118 | — |
| Total lease cost (1) | $ 173 | $ 167 | $ 3 | $ 127 | $ 119 | $ 4 |

(1) CenterPoint Energy and Houston Electric defer finance lease costs for TEEEF to Regulatory assets for recovery rather than to Depreciation and Amortization in the Statements of Consolidated Income.

The components of lease income were as follows:

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions) | | | | | |
| Operating lease income | $ 5 | $ 1 | $ 3 | $ 6 | $ 1 | $ 3 |
| Variable lease income | 2 | — | — | 1 | — | — |
| Total lease income | $ 7 | $ 1 | $ 3 | $ 7 | $ 1 | $ 3 |

Supplemental balance sheet information related to leases was as follows:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC | CenterPoint Energy | Houston Electric | CERC |
| | (in millions, except lease term and discount rate) | | | | | |
| Assets: | | | | | | |
| Operating ROU assets (1) | $ 19 | $ 6 | $ 5 | $ 22 | $ 1 | $ 12 |
| Finance ROU assets (2) | 621 | 621 | — | 179 | 179 | — |
| Total leased assets | $ 640 | $ 627 | $ 5 | $ 201 | $ 180 | $ 12 |
| Liabilities: | | | | | | |
| Current operating lease liability (3) | $ 5 | $ 1 | $ 2 | $ 6 | $ 1 | $ 2 |
| Non-current operating lease liability (4) | 14 | 5 | 4 | 17 | — | 11 |
| Total leased liabilities (5) | $ 19 | $ 6 | $ 6 | $ 23 | $ 1 | $ 13 |
| | | | | | | |
| Weighted-average remaining lease term (in years) - operating leases | 4.3 | 4.8 | 3.9 | 6.2 | 4.1 | 6.5 |
| Weighted-average discount rate - operating leases | 3.80 % | 4.01 % | 3.58 % | 3.10 % | 2.86 % | 3.20 % |
| Weighted-average remaining lease term (in years) - finance leases | 6.5 | 6.5 | — | 7.5 | 7.5 | — |
| Weighted-average discount rate - finance leases | 3.60 % | 3.60 % | — | 2.21 % | 2.21 % | — |

(1) Reported within Other assets in the Registrants' respective Consolidated Balance Sheets.
(2) Reported within Property, Plant and Equipment in the Registrants' respective Consolidated Balance Sheets. Finance lease assets are recorded net of accumulated amortization.
(3) Reported within Current other liabilities in the Registrants' respective Consolidated Balance Sheets.
(4) Reported within Other liabilities in the Registrants' respective Consolidated Balance Sheets.
(5) Finance lease liabilities were not material as of December 31, 2022 or 2021 and are reported within Other long-term debt in the Registrants' respective Consolidated Balance Sheets when applicable.

As of December 31, 2022, finance lease liabilities were not significant to the Registrants. As of December 31, 2022, maturities of operating lease liabilities were as follows:

| | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|
| | (in millions) | | |
| 2023 | $ 5 | $ 1 | $ 2 |
| 2024 | 5 | 2 | 1 |
| 2025 | 4 | 2 | 1 |
| 2026 | 4 | 1 | 2 |
| 2027 | 2 | 1 | — |
| 2028 and beyond | 1 | — | — |
| Total lease payments | 21 | 7 | 6 |
| Less: Interest | 2 | 1 | — |
| Present value of lease liabilities | $ 19 | $ 6 | $ 6 |

As of December 31, 2022, future minimum finance lease payments were not significant to the Registrants. As of December 31, 2022, maturities of undiscounted operating lease payments to be received are as follows:

| | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|
| | | (in millions) | |
| 2023 | $ 7 | $ 1 | $ 4 |
| 2024 | 7 | 1 | 4 |
| 2025 | 7 | 1 | 4 |
| 2026 | 7 | — | 4 |
| 2027 | 7 | — | 4 |
| 2028 and beyond | 159 | — | 156 |
| Total lease payments to be received | $ 194 | $ 3 | $ 176 |

Other information related to leases is as follows:

| | Year Ended December 31, 2022 | | |
|---|---|---|---|
| | CenterPoint Energy | Houston Electric | CERC |
| | | (in millions) | |
| Operating cash flows from operating leases included in the measurement of lease liabilities | $ 6 | $ 1 | $ 2 |
| Financing cash flows from finance leases included in the measurement of lease liabilities | 485 | 485 | — |

See Note 18 for information on ROU assets obtained in exchange for operating lease liabilities.

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

None.

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

**Disclosure Controls And Procedures**

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Registrants carried out separate evaluations, under the supervision and with the participation of each company's management, including the principal executive officer and principal financial officer, of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, the principal executive officer and principal financial officer, in each case, concluded that the disclosure controls and procedures were effective as of December 31, 2022 to provide assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in the Registrants' internal controls over financial reporting that occurred during the three months ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the Registrants' internal controls over financial reporting.

**Management's Annual Report on Internal Control over Financial Reporting**

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

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Under the supervision and with the participation of the Registrants' management, including their respective principal executive officers and principal financial officers, the Registrants conducted an evaluation of the effectiveness of their internal control over financial reporting based on the framework in *Internal Control — Integrated Framework*(2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Registrants' evaluation under the framework in *Internal Control — Integrated Framework*(2013), the Registrants' management has concluded, in each case, that their internal control over financial reporting was effective as of December 31, 2022.

Deloitte & Touche LLP, CenterPoint Energy's independent registered public accounting firm, has issued an attestation report on the effectiveness of CenterPoint Energy's internal control over financial reporting as of December 31, 2022 which is set forth below. This report is not applicable to Houston Electric or CERC as they are not accelerated or large accelerated filers.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)*issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)*issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 17, 2023, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

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

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

**Definition and Limitations of Internal Control over Financial Reporting**

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

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

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 17, 2023

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

**Entry into a Material Definitive Agreement and Creation of a Direct Financial Obligation**

On February 16, 2023, CERC Corp. entered into a $500 million Term Loan Agreement among Mizuho Bank, Ltd., as administrative agent, and the banks party thereto. CERC Corp. borrowed the full $500 million at closing and intends to use the proceeds thereof for general corporate purposes, including the repayment of a portion of its outstanding commercial paper. The maturity date for the borrowings under the Term Loan Agreement is February 15, 2024.

Borrowings under the Term Loan Agreement bear interest, at CERC Corp.'s option, at a rate equal to either (i) Term SOFR (as defined in the Term Loan Agreement), which includes an adjustment of 0.10% per annum plus a margin of 0.85% or (ii) the Alternate Base Rate (as defined in the Term Loan Agreement). The Term Loan Agreement contains certain covenants, including a covenant that requires CERC Corp. not to exceed a specified ratio of debt to consolidated capitalization (excluding, among other things, non-cash reductions to net income).

Borrowings under the Term Loan Agreement may be voluntarily prepaid without penalty or premium, other than customary breakage costs related to prepayments of loans that bear interest based on Term SOFR. The Term Loan Agreement also provides a mechanism to replace Term SOFR or other then-applicable interest rate benchmark if it is no longer available.

Borrowings under the Term Loan Agreement are subject to acceleration upon the occurrence of events of default that CERC Corp. considers customary. The Term Loan Agreement also provides for the payment of customary fees, including administrative agent fees and other fees.

Mizuho Bank, Ltd. participates in the credit facilities of CERC Corp., the other Registrants and SIGECO.

The Term Loan Agreement described above is filed as Exhibit 10.1(kk) to this Annual Report and is incorporated by reference herein. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Term Loan Agreement.

**Compensatory Arrangements of Certain Officers (CenterPoint Energy)**

On February 15, 2023, the Compensation Committee approved new forms of award agreement under CenterPoint Energy's LTIP for restricted stock unit awards and performance unit awards for the President and Chief Operating Officer. The newly approved forms of award agreement provide for the continuing vesting of Mr. Wells' restricted stock units and performance units, subject to the actual achievement of applicable performance objectives, if he is not promoted to Chief Executive Officer by January 1, 2025 and after such date, if he is terminated without cause or resigns.

The description of the forms of award agreement are qualified in their entirety by reference to the full text of the respective form award agreement, which are included as Exhibits 10(ee)(9) and 10(ee)(10) hereto and incorporated by reference.

**Item 9C.** ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not Applicable.

## PART III

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

For CenterPoint Energy, the information called for by Item 10, to the extent not set forth in "Information About Our Executive Officers" in Item 1, will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 10 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

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

**Item 11.** ***Executive Compensation***

For CenterPoint Energy, the information called for by Item 11 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 11 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

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

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

For CenterPoint Energy, the information called for by Item 12 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 12 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

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

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

For CenterPoint Energy, the information called for by Item 13 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 13 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

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

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

For CenterPoint Energy, the information called for by Item 14 will be set forth in the definitive proxy statement relating to CenterPoint Energy's 2023 annual meeting of shareholders pursuant to SEC Regulation 14A. Such definitive proxy statement relates to a meeting of shareholders involving the election of directors and the portions thereof called for by Item 14 are incorporated herein by reference pursuant to Instruction G to Form 10-K.

Aggregate fees billed to Houston Electric and CERC during the year ended December 31, 2022 and 2021 by their principal accounting firm, Deloitte & Touche LLP, are set forth below .

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Houston Electric | CERC | Houston Electric | CERC |
| Audit fees (1) | $ 708,180 | $ 965,700 | $ 650,344 | $ 963,833 |
| Audit-related fees (2) | 435,000 | 559,000 | 347,000 | 152,000 |
| Total audit and audit-related fees | 1,143,180 | 1,524,700 | 997,344 | 1,115,833 |
| Tax fees | — | — | — | — |
| All other fees | — | — | — | — |
| Total fees | $ 1,143,180 | $ 1,524,700 | $ 997,344 | $ 1,115,833 |

(1) For 2022 and 2021, amounts include fees for services provided by the principal accounting firm relating to the integrated audit of financial statements and internal control over financial reporting, statutory audits, attest services, and regulatory filings.

(2) For 2022 and 2021, includes fees for consultations concerning financial accounting and reporting standards and various agreed-upon or expanded procedures related to accounting records to comply with financial accounting or regulatory reporting matters.

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

## PART IV

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

*(a)(1) Financial Statements.*



The financial statements of Enable Midstream Partners, LP required pursuant to Rule 3-09 of Regulation S-X are included in this filing for CenterPoint Energy as Exhibits 99.1 and 99.2.

*(a)(2) Financial Statement Schedules for the Three Years Ended December 31, 2022*

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

I, II, III, IV and V.

*(a)(3) Exhibits.*

See Index of Exhibits beginning on page 182, which index also includes the management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K by Item 601(b)(10)(iii) of Regulation S-K.

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

None.

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

EXHIBITS TO THE COMBINED ANNUAL REPORT ON FORM 10-K
For Fiscal Year Ended December 31, 2022

INDEX OF EXHIBITS

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

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

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

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 2(f) | — | Securities Purchase Agreement, dated as of February 3, 2020, by and among Vectren Utility Services, Inc., PowerTeam Services, LLC and, solely for purposes of Section 10.17 of the Securities Purchase Agreement, Vectren Corporation | CenterPoint Energy's Form 8-K dated February 3, 2020 | 1-31447 | 2.1 | X | | |
| 2(g) | — | Equity Purchase Agreement, dated as of February 24, 2020, by and between CERC Corp. and Athena Energy Services Buyer, LLC | CenterPoint Energy's Form 8-K dated February 24, 2020 | 1-31447 | 2.1 | X | | X |
| 2(h) | — | Asset Purchase Agreement by and between CenterPoint Energy Resources Corp. and Southern Col Midco, LLC, dated as of April 29, 2021 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021 | 1-31447 | 2.4 | X | | X |
| 3(a) | — | Restated Articles of Incorporation of CenterPoint Energy | CenterPoint Energy's Form 8-K dated July 24, 2008 | 1-31447 | 3.2 | X | | |
| 3(b) | — | Articles of Conversion of Reliant Energy Incorporated | Houston Electric's Form 8-K dated August 31, 2002 | 1-3187 | 3(a) | | X | |
| 3(c) | — | Restated Certificate of Formation of Houston Electric | Houston Electric's Form 10-Q for the quarter ended June 30, 2011 | 1-3187 | 3.1 | | X | |
| 3(d) | — | Certificate of Incorporation of RERC Corp. | CERC Form 10-K for the year ended December 31, 1997 | 1-13265 | 3(a)(1) | | | X |
| 3(e) | — | Certificate of Merger merging former NorAm Energy Corp. with and into HI Merger, Inc. dated August 6, 1997 | CERC Form 10-K for the year ended December 31, 1997 | 1-13265 | 3(a)(2) | | | X |
| 3(f) | — | Certificate of Amendment changing the name to Reliant Energy Resources Corp. | CERC Form 10-K for the year ended December 31, 1998 | 1-13265 | 3(a)(3) | | | X |
| 3(g) | — | Certificate of Amendment changing the name to CenterPoint Energy Resources Corp. | CERC Form 10-Q for the quarter ended June 30, 2003 | 1-13265 | 3(a)(4) | | | X |
| 3(h) | — | Third Amended and Restated Bylaws of CenterPoint Energy | CenterPoint Energy's Form 8-K dated February 21, 2017 | 1-31447 | 3.1 | X | | |
| 3(i) | — | Amended and Restated Limited Liability Company Agreement of Houston Electric | Houston Electric's Form 10-Q for the quarter ended June 30, 2011 | 1-3187 | 3.2 | | X | |
| 3(j) | — | Bylaws of RERC Corp. | CERC Form 10-K for the year ended December 31, 1997 | 1-13265 | 3(b) | | | X |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 3(k) | — | Statement of Resolutions Deleting Shares Designated Series A Preferred Stock of CenterPoint Energy | CenterPoint Energy's Form 10-K for the year ended December 31, 2011 | 1-31447 | 3(c) | X | | |
| 3(l) | — | Statement of Resolution Establishing Series of Shares Designated Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy | CenterPoint Energy's Form 8-K dated August 22, 2018 | 1-31447 | 3.1 | X | | |
| 3(m) | — | Statement of Resolution Establishing Series of Shares designated 7.00% Series B Mandatory Convertible Preferred Stock of CenterPoint Energy | CenterPoint Energy's Form 8-K dated September 25, 2018 | 1-31447 | 3.1 | X | | |
| 3(n) | — | Statement of Resolution Establishing Series of Shares designated Series C Mandatory Convertible Preferred Stock of CenterPoint Energy | CenterPoint Energy's Form 8-K dated May 6, 2020 | 1-31447 | 3.1 | X | | |
| 4(a) | — | Form of CenterPoint Energy Stock Certificate | CenterPoint Energy's Registration Statement on Form S-4 | 333-69502 | 4.1 | X | | |
| 4(b) | — | Form of Certificate representing the Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Stock of CenterPoint Energy | CenterPoint Energy's Form 8-K dated August 22, 2018 | 1-31447 | 4.1 | X | | |
| 4(c) | — | Contribution and Registration Agreement dated December 18, 2001 among Reliant Energy, CenterPoint Energy and the Northern Trust Company, trustee under the Reliant Energy, Incorporated Master Retirement Trust | CenterPoint Energy's Form 10-K for the year ended December 31, 2001 | 1-31447 | 4.3 | X | | |
| 4(d)(1) | — | Mortgage and Deed of Trust, dated November 1, 1944 between Houston Lighting and Power Company (HL&P) and Chase Bank of Texas, National Association (formerly, South Texas Commercial National Bank of Houston), as Trustee, as amended and supplemented by 20 Supplemental Indentures thereto | HL&P's Form S-7 filed on August 25, 1977 | 2-59748 | 2(b) | X | X | |
| 4(d)(2) | — | Twenty-First through Fiftieth Supplemental Indentures to Exhibit 4(d)(1) | HL&P's Form 10-K for the year ended December 31, 1989 | 1-3187 | 4(a)(2) | X | X | |
| 4(d)(3) | — | Fifty-First Supplemental Indenture to Exhibit 4(d)(1) dated as of March 25, 1991 | HL&P's Form 10-Q for the quarter ended June 30, 1991 | 1-3187 | 4(a) | X | X | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(d)(4) | — | Fifty-Second through Fifty-Fifth Supplemental Indentures to Exhibit 4(d)(1) each dated as of March 1, 1992 | HL&P's Form 10-Q for the quarter ended March 31, 1992 | 1-3187 | 4 | X | X | |
| 4(d)(5) | — | Fifty-Sixth and Fifty-Seventh Supplemental Indentures to Exhibit 4(d)(1) each dated as of October 1, 1992 | HL&P's Form 10-Q for the quarter ended September 30, 1992 | 1-3187 | 4 | X | X | |
| 4(d)(6) | — | Fifty-Eighth and Fifty-Ninth Supplemental Indentures to Exhibit 4(d)(1) each dated as of March 1, 1993 | HL&P's Form 10-Q for the quarter ended March 31, 1993 | 1-3187 | 4 | X | X | |
| 4(d)(7) | — | Sixtieth Supplemental Indenture to Exhibit 4(d)(1) dated as of July 1, 1993 | HL&P's Form 10-Q for the quarter ended June 30, 1993 | 1-3187 | 4 | X | X | |
| 4(d)(8) | — | Sixty-First through Sixty-Third Supplemental Indentures to Exhibit 4(d)(1) each dated as of December 1, 1993 | HL&P's Form 10-K for the year ended December 31, 1993 | 1-3187 | 4(a)(8) | X | X | |
| 4(d)(9) | — | Sixty-Fourth and Sixty-Fifth Supplemental Indentures to Exhibit 4(d)(1) each dated as of July 1, 1995 | HL&P's Form 10-K for the year ended December 31, 1995 | 1-3187 | 4(a)(9) | X | X | |
| 4(e)(1) | — | General Mortgage Indenture, dated as of October 10, 2002, between CenterPoint Energy Houston Electric, LLC and JPMorgan Chase Bank, as Trustee | Houston Electric's Form 10-Q for the quarter ended September 30, 2002 | 1-3187 | 4(j)(1) | X | X | |
| 4(e)(2) | — | Third Supplemental Indenture to Exhibit 4(e)(1), dated as of October 10, 2002 | Houston Electric's Form 10-Q for the quarter ended September 30, 2002 | 1-3187 | 4(j)(4) | X | X | |
| 4(e)(3) | — | Officer's Certificates dated October 10, 2002 setting forth the form, terms and provisions of the First through Eighth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-K for the year ended December 31, 2003 | 1-31447 | 4(e)(10) | X | X | |
| 4(e)(4) | — | Ninth Supplemental Indenture to Exhibit 4(e)(1), dated as of November 12, 2002 | CenterPoint Energy's Form 10-K for the year ended December 31, 2002 | 1-31447 | 4(e)(10) | X | X | |
| 4(e)(5) | — | Tenth Supplemental Indenture to Exhibit 4(e)(1), dated as of March 18, 2003 | CenterPoint Energy's Form 8-K dated March 13, 2003 | 1-31447 | 4.1 | X | X | |
| 4(e)(6) | — | Officer's Certificate dated March 18, 2003 setting forth the form, terms and provisions of the Tenth Series and Eleventh Series of General Mortgage Bonds | CenterPoint Energy's Form 8-K dated March 13, 2003 | 1-31447 | 4.2 | X | X | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(e)(7) | — | Twentieth Supplemental Indenture to Exhibit 4(e)(1), dated as of December 9, 2008 | Houston Electric's Form 8-K dated January 6, 2009 | 1-3187 | 4.2 | X | X | |
| 4(e)(8) | — | Twenty-Second Supplemental Indenture to Exhibit 4(e)(1) dated as of August 10, 2012 | CenterPoint Energy's Form 10-K for the year ended December 31, 2012 | 1-31447 | 4(e)(33) | X | X | |
| 4(e)(9) | — | Officer's Certificate, dated August 10, 2012 setting forth the form, terms and provisions of the Twenty-Second Series of General Mortgage Bonds | CenterPoint Energy's Form 10-K for the year ended December 31, 2012 | 1-31447 | 4(e)(34) | X | X | |
| 4(e)(10) | — | Twenty-Third Supplemental Indenture to Exhibit 4(e)(1) dated as of March 17, 2014 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014 | 1-31447 | 4.10 | X | X | |
| 4(e)(11) | — | Officer's Certificate, dated as of March 17, 2014, setting forth the form, terms and provisions of the Twenty-Third Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2014 | 1-31447 | 4.11 | X | X | |
| 4(e)(12) | — | Twenty-Fifth Supplemental Indenture to Exhibit 4(e)(1) dated as of August 11, 2016 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016 | 1-31447 | 4.5 | X | X | |
| 4(e)(13) | — | Officer's Certificate, dated as of August 11, 2016, setting forth the form, terms and provisions of the Twenty-Sixth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2016 | 1-31447 | 4.6 | X | X | |
| 4(e)(14) | — | Twenty-Sixth Supplemental Indenture to Exhibit 4(e)(1) dated as of January 12, 2017 | CenterPoint Energy's Form 10-K for the year ended December 31, 2016 | 1-31447 | 4(e)(41) | X | X | |
| 4(e)(15) | — | Officer's Certificate, dated as of January 12, 2017, setting forth the form, terms and provisions of the Twenty-Seventh Series of General Mortgage Bonds | CenterPoint Energy's Form 10-K for the year ended December 31, 2016 | 1-31447 | 4(e)(42) | X | X | |
| 4(e)(16) | — | Twenty-Seventh Supplemental Indenture to Exhibit 4(e)(1) dated as of February 28, 2018 | CenterPoint Energy's Form 10-Q for the quarter ended March 30, 2018 | 1-31447 | 4.9 | X | X | |
| 4(e)(17) | — | Officer's Certificate, dated as of February 28, 2018, setting forth the form, terms and provisions of the Twenty-Eighth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended March 30, 2018 | 1-31447 | 4.10 | X | X | |
| 4(e)(18) | — | Twenty-Eighth Supplemental Indenture to Exhibit 4(e)(1) dated as of January 15, 2019 | Houston Electric's Form 8-K dated January 10, 2019 | 1-3187 | 4.4 | X | X | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(e)(19) | — | Officer's Certificate, dated as of January 15, 2019, setting forth the form, terms and provisions of the Twenty-Ninth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-K for the year ended December 31, 2018 | 1-31447 | 4(h)(24) | X | X | |
| 4(e)(20) | — | Twenty-Ninth Supplemental Indenture to Exhibit 4(e)(1) dated as of J une 5, 2020 | Houston Electric's Form 8-K dated June 2, 2020 | 1-3187 | 4.4 | X | X | |
| 4(e)(21) | — | Officer's Certificate, dated as of June 5, 2020, setting forth the form, terms and provisions of the Thirtieth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2020 | 1-31447 | 4.26 | X | X | |
| 4(e)(22) | — | Thirtieth Supplemental Indenture to Exhibit 4(e)(1), dated as of March 11, 2021 | Houston Electric's Form 8-K dated March 8, 2021 | 1-3187 | 4.4 | X | X | |
| 4(e)(23) | — | Officer's Certificate, dated as of March 11, 2021, setting forth the form, terms and provisions of the Thirty-First and Thirty-Second Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021 | 1-31447 | 4.22 | X | X | |
| 4(e)(24) | — | Thirty-First Supplemental Indenture to Exhibit 4(e)(1), dated as of February 28, 2022 | Houston Electric's Form 8-K dated February 23, 2022 | 1-3187 | 4.4 | | X | |
| 4(e)(25) | — | Officer's Certificate, dated as of February 28, 2022, setting forth the form, terms and provisions of the Thirty-Third and Thirty-Fourth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2022 | 1-31447 | 4.11 | | X | |
| 4(e)(26) | — | Thirty-Second Supplemental Indenture to Exhibit 4(e)(1), dated as of September 15, 2022 | Houston Electric's Form 8-K dated September 12, 2022 | 1-3187 | 4.4 | | X | |
| 4(e)(27) | — | Officer's Certificate, dated September 15, 2022, setting forth the form, terms and provisions of the Thirty-Fifth and Thirty-Sixth Series of General Mortgage Bonds | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2022 | 1-31447 | 4.7 | | X | |
| 4(f)(1) | — | Indenture, dated as of February 1, 1998, between Reliant Energy Resources Corp. (RERC Corp.) and Chase Bank of Texas, National Association, as Trustee | CERC Corp.'s Form 8-K dated February 5, 1998 | 1-13265 | 4.1 | X | | X |
| 4(f)(2) | — | Supplemental Indenture No. 10 to Exhibit 4(f)(1), dated as of February 6, 2007, providing for the issuance of CERC Corp.'s 6.25% Senior Notes due 2037 | CenterPoint Energy's Form 10-K for the year ended December 31, 2006 | 1-31447 | 4(f)(11) | X | | X |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(f)(3) | — | Supplemental Indenture No. 12 to Exhibit 4(f)(1) dated as of October 23, 2007, providing for the issuance of CERC Corp.'s 6.625% Senior Notes due 2037 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2008 | 1-31447 | 4.9 | X | | X |
| 4(f)(4) | — | Supplemental Indenture No. 14 to Exhibit 4(f)(1) dated as of January 11, 2011, providing for the issuance of CERC Corp.'s 4.50% Senior Notes due 2021 and 5.85% Senior Notes due 2041 | CenterPoint Energy's Form 10-K for the year ended December 31, 2010 | 1-31447 | 4(f)(15) | X | | X |
| 4(f)(5) | — | Supplemental Indenture No. 16 to Exhibit 4(f)(1) dated as of August 23, 2017, providing for the issuance of CERC Corp.'s 4.10% Senior Notes due 2047 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2017 | 1-31447 | 4.11 | X | | X |
| 4(f)(6) | — | Supplemental Indenture No. 17 to Exhibit 4(f)(1) dated as of March 28, 2018, providing for the issuance of CERC Corp.'s 3.55% Senior Notes due 2023 and 4.00% Senior Notes due 2028 | CERC's Form 10-Q for the quarter ended March 31, 2018 | 1-13265 | 4.4 | X | | X |
| 4(f)(7) | — | Supplemental Indenture No. 18 to Exhibit 4(f)(1), dated as of October 1, 2020, providing for the issuance of CERC Corp.'s 1.75% Senior Notes due 2030 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2020 | 1-31447 | 4.23 | X | | X |
| 4(f)(8) | — | Supplemental Indenture No. 19 to Exhibit 4(f)(1), dated as of March 2, 2021, providing for the issuance of CERC's Corp.'s Floating Rate Senior Notes due 2023 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021 | 1-31447 | 4.18 | X | | X |
| 4(f)(9) | — | Supplemental Indenture No. 20 to Exhibit 4(f)(1), dated as of March 2, 2021, providing for the issuance of CERC Corp.'s 0.70% Senior Notes due 2023 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2021 | 1-31447 | 4.19 | X | | X |
| 4(f)(10) | — | Supplemental Indenture No. 21, dated as of June 9, 2022, to the Indenture under Exhibit 4(f) (1) | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2022 | 1-31447 | 4.12 | | | X |
| 4(f)(11) | — | Supplemental Indenture No. 22, to Exhibit 4(f)(1), dated as of October 5, 2022, providing for the issuance of CERC Corp.'s 6.10% Senior Notes due 2035 | CERC's Form 8-K dated October 5, 2022 | 1-13265 | 4.2 | | | X |
| 4(g)(1) | — | Indenture, dated as of May 19, 2003, between CenterPoint Energy and JPMorgan Chase Bank, as Trustee | CenterPoint Energy's Form 8-K dated May 19, 2003 | 1-31447 | 4.1 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(g)(2) | — | Supplemental Indenture No. 10 to Exhibit 4(g)(1), dated as of October 5, 2018, providing for the issuance of CenterPoint Energy's 3.60% Senior Notes due 2021, 3.85% Senior Notes due 2024 and 4.25% Senior Notes due 2028 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2018 | 1-31447 | 4.14 | X | | |
| 4(g)(3) | — | Supplemental Indenture No. 11 to Exhibit 4(g)(1), dated as of August 14, 2019, providing for the issuance of CenterPoint Energy's 2.50% Senior Notes due 2024, 2.95% Senior Notes due 2030 and 3.70% Senior Notes due 2049 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2019 | 1-31447 | 4.2 | X | | |
| 4(g)(4) | — | Supplemental Indenture No. 12 to Exhibit 4(g)(1), dated as of May 13, 2021, providing for the issuance of CenterPoint Energy's Floating Rate Senior Notes due 2024 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021 | 1-31447 | 4.24 | X | | |
| 4(g)(5) | — | Supplemental Indenture No. 13 to Exhibit 4(g)(1), dated as of May 13, 2021, providing for the issuance of CenterPoint Energy's 1.45% Senior Notes due 2026 and 2.65% Senior Notes due 2031 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021 | 1-31447 | 4.25 | X | | |
| 4(h)(1) | — | Subordinated Indenture dated as of September 1, 1999 | Reliant Energy's Form 8-K dated September 1, 1999 | 1-3187 | 4.1 | X | | |
| 4(h)(2) | — | Supplemental Indenture No. 1 dated as of September 1, 1999, between Reliant Energy and Chase Bank of Texas (supplementing Exhibit 4(h)(1) and providing for the issuance Reliant Energy's 2% Zero-Premium Exchangeable Subordinated Notes Due 2029) | Reliant Energy's Form 8-K dated September 15, 1999 | 1-3187 | 4.2 | X | | |
| 4(h)(3) | — | Supplemental Indenture No. 2 dated as of August 31, 2002, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(h)(1)) | CenterPoint Energy's Form 8-K12B dated August 31, 2002 | 1-31447 | 4(e) | X | | |
| 4(h)(4) | — | Supplemental Indenture No. 3 dated as of December 28, 2005, between CenterPoint Energy, Reliant Energy and JPMorgan Chase Bank (supplementing Exhibit 4(h)(1)) | CenterPoint Energy's Form 10-K for the year ended December 31, 2005 | 1-31447 | 4(h)(4) | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(i)(1) | — | Mortgage and Deed of Trust dated as of April 1, 1932 between SIGECO and Bankers Trust Company, as Trustee, as amended and supplemented by 28 Supplemental Indentures thereto | Post-Effective Amendment No. 1 | 2-2536 | B-1, B-2 | X | | |
| | | | | 2-62032 | (b)(4)(ii) | X | | |
| | | | Form 8-K dated June 1, 1984 | | | | | |
| | | | | 2-88923 | | | | |
| | | | Form 8-K dated March 24, 1986 | 1-3553 | 4(b)(2) | X | | |
| | | | | | 4 | X | | |
| | | | Form 8-K dated June 3, 1986 | 1-3553 | | | | |
| | | | | | 4-A | X | | |
| | | | | 1-3553 | | | | |
| | | | | | 4 | X | | |
| 4(i)(2) | — | Additional Supplemental Indentures to Exhibit 4(i)(1) | | | | X | | |

| Date as of | File Reference | Exhibit No. |
|---|---|---|
| July 1, 1985 | 1-3553, SIGECO's Form 10-K for the fiscal year 1985 | 4-A |
| November 1, 1985 | 1-3553, SIGECO's Form 10-K for the fiscal year 1985 | 4-A |
| November 15, 1986 | 1-3553, SIGECO's Form 10-K for the fiscal year 1986 | 4-A |
| January 15, 1987 | 1-3553, SIGECO's Form 10-K for the fiscal year 1986 | 4-A |
| December 15, 1987 | 1-3553, SIGECO's Form 10-K for the fiscal year 1987 | 4-A |
| December 13, 1990 | 1-3553, SIGECO's Form 10-K for the fiscal year 1990 | 4-A |
| April 1, 1993 | 1-3553, SIGECO's Form 8-K dated April 13, 1993 | 4 |
| June 1, 1993 | 1-3553, SIGECO's Form 8-K dated June 14, 1993 | 4 |
| May 1, 1993 | 1-3553, SIGECO's Form 10-K for the fiscal year 1993 | 4(a) |
| July 1, 1999 | 1-3553, SIGECO's Form 10-Q for the quarter ended June 30, 1999 | 4(a) |
| March 1, 2000 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2001 | 4.1 |
| August 1, 2004 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2004 | 4.1 |
| October 1, 2004 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2004 | 4.2 |
| April 1, 2005 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2007 | 4.1 |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| | | March 1, 2006 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2007 | 4.2 | | | | |
| | | December 1, 2007 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2007 | 4.3 | | | | |
| | | August 1, 2009 | 1-15467, Vectren's Form 10-K for the year ended December 31, 2009 | 4.1 | | | | |
| | | April 1, 2013 | 1-15467, Vectren's Form 8-K dated April 30, 2013 | 4.1 | | | | |
| | | September 1, 2014 | 1-15467, Vectren's Form 8-K dated September 25, 2014 | 4.1 | | | | |
| | | September 1, 2015 | 1-15467, Vectren's Form 8-K dated September 10, 2015 | 4.1 | | | | |
| 4(j)(1) | — | Indenture dated February 1, 1991 between Indiana Gas Company, Inc. and U.S Bank Trust National Association (formerly known as First Trust National Association, which was formerly known as Bank of America Illinois, which was formerly known as Continental Bank, National Association) | Indiana Gas's Form 8-K filed February 15, 1991 | 1-6494 | 4(a) | X | | |
| 4(j)(2) | — | First Supplemental Indenture to Exhibit 4(j)(1), dated as of February 15, 1991 | Indiana Gas's Form 8-K filed February 15, 1991 | 1-6494 | 4(b) | X | | |
| 4(j)(3) | — | Second Supplemental Indenture to Exhibit 4(j)(1), dated as of September 15, 1991 | Indiana Gas's Form 8-K filed September 25, 1991 | 1-6494 | 4(b) | X | | |
| 4(j)(4) | — | Third Supplemental Indenture to Exhibit 4(j)(1), dated as of September 15, 1991 | Indiana Gas's Form 8-K filed September 25, 1991 | 1-6494 | 4(c) | X | | |
| 4(j)(5) | — | Fourth Supplemental Indenture to Exhibit 4(j)(1), dated as of December 2, 1992 | Indiana Gas's Form 8-K filed December 8, 1992 | 1-6494 | 4(b) | X | | |
| 4(j)(6) | — | Fifth Supplemental Indenture to Exhibit 4( j )(1), dated as of December 28, 2000 | Indiana Gas's Form 8-K filed December 27, 2000 | 1-6494 | 4 | X | | |
| 4(k)(1) | — | Bond Purchase and Covenants Agreement, dated September 14, 2017, between SIGECO and PNC Bank, National Association | Vectren's Form 8-K dated September 25, 2017 | 1-15467 | 4.1 | X | | |
| 4(k)(2) | — | Joinder and First Amendment to Exhibit 4( k )(1) dated March 1, 2018 among SIGECO, the lenders party thereto and PNC Bank, National Association | Vectren's Form 8-K dated May 3, 2018 | 1-15467 | 4.1 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(k)(3) | — | Second Amendment to Exhibit 4(k)(1) dated May 1, 2018 among SIGECO, the lenders party thereto and PNC Bank, National Association | Vectren's Form 8-K dated May 3, 2018 | 1-15467 | 4.2 | X | | |
| †4(k)(4) | — | Third Amendment to Exhibit 4(k)(1) dated December 7, 2022 among SIGECO, the lenders party thereto and PNC Bank, National Association | | | | X | | |
| 4(l) | — | The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $40,000,000 aggregate principal amount of CERC's 4.36% Senior Notes, Series B, due December 15, 2045 | CenterPoint Energy's Form 8-K dated May 27, 2022 | 1-31447 | 4.1 | X | | X |
| 4(m) | — | The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $57,000,000 aggregate principal amount of CERC's 3.72% Senior Notes, due December 5, 2023 | CenterPoint Energy's Form 8-K dated May 27, 2022 | 1-31447 | 4.2 | X | | X |
| 4(n) | — | The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $10,000,000 aggregate principal amount of CERC's 4.25% Senior Notes, Series B, due June 5, 2043 | CenterPoint Energy's Form 8-K dated May 27, 2022 | 1-31447 | 4.3 | X | | X |
| 4(o) | — | The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $100,000,000 aggregate principal amount of CERC's 5.00% Senior Notes, due February 3, 2042 | CenterPoint Energy's Form 8-K dated May 27, 2022 | 1-31447 | 4.4 | X | | X |
| 4(p) | — | The Note Purchase Agreement, dated as of May 27, 2022, between CERC and the Purchasers signatory thereto, in connection with the issuance by CERC of $60,000,000 aggregate principal amount of CERC's 5.02% Senior Notes, Series B, due November 30, 2026 and $35,000,000 aggregate principal amount of CERC's 5.99% Senior Notes, Series C, due November 30, 2041 | CenterPoint Energy's Form 8-K dated May 27, 2022 | 1-31447 | 4.5 | X | | X |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 4(q) | — | Registration Rights Agreement, dated as of October 5, 2022, between CenterPoint Energy Resources Corp. and Goldman Sachs & Co. LLC | CERC's Form 8-K dated October 5, 2022 | 1-13265 | 4.3 | | | X |
| †4(r) | — | Description of CenterPoint Energy's Securities | | | | X | | |
| †4(s) | — | Description of Houston Electric's Securities | | | | | X | |
| †4(t) | — | Description of CERC's Securities | | | | | | X |

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

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| *10(a) | — | CenterPoint Energy, Inc. 1991 Benefit Restoration Plan, as amended and restated effective as of February 25, 2011 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2011 | 1-31447 | 10.3 | X | | |
| *10(b)(1) | — | CenterPoint Energy Benefit Restoration Plan, effective as of January 1, 2008 | CenterPoint Energy's Form 8-K dated December 22, 2008 | 1-31447 | 10.1 | X | | |
| *10(b)(2) | — | First Amendment to Exhibit 10(b)(1), effective as of February 25, 2011 | CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 | 1-31447 | 10.4 | X | | |
| *10(b)(3) | — | Partial Termination Amendment to Exhibit 10(b)(1), effective as of March 1, 2022 | CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 | 1-31447 | 10.14 | X | | |
| *10(c) | — | CenterPoint Energy 1985 Deferred Compensation Plan, as amended and restated effective January 1, 2003 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003 | 1-31447 | 10.1 | X | | |
| *10(d)(1) | — | Amended and Restated CenterPoint Energy, Inc. 1991 Savings Restoration Plan, effective as of January 1, 2008 | CenterPoint Energy's Form 8-K dated December 22, 2008 | 1-31447 | 10.4 | X | | |
| *10(d)(2) | — | First Amendment to Exhibit 10(d)(1), effective as of February 25, 2011 | CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 | 1-31447 | 10.5 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| *10(e)(1) | — | CenterPoint Energy Savings Restoration Plan, effective as of January 1, 2008 | CenterPoint Energy's Form 8-K dated December 22, 2008 | 1-31447 | 10.3 | X | | |
| *10(e)(2) | — | First Amendment to Exhibit 10(e)(1), effective as of February 25, 2011 | CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 | 1-31447 | 10.6 | X | | |
| *10(e)(3) | — | Second Amendment to Exhibit 10(b)(1), effective as of January 1, 2020 | CenterPoint Energy's Form 8-K dated December 9, 2019 | 1-31447 | 10.1 | X | | |
| *10(e)(4) | — | Partial Termination Amendment to Exhibit 10(e)(1), effective as of March 1, 2022 | CenterPoint Energy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 | 1-31447 | 10.18 | X | | |
| *10(f) | — | CenterPoint Energy Executive Life Insurance Plan, as amended and restated effective June 18, 2003 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2003 | 1-31447 | 10.5 | X | | |
| 10(g)(1) | — | Stockholder's Agreement dated as of July 6, 1995 between Houston Industries Incorporated and Time Warner Inc. | Schedule 13-D dated July 6, 1995 | 5-19351 | 2 | X | | |
| 10(g)(2) | — | Amendment to Exhibit 10(g)(1) dated November 18, 1996 | HI's Form 10-K for the year ended December 31, 1996 | 1-7629 | 10(x)(4) | X | | |
| 10(h)(1) | — | Master Separation Agreement entered into as of December 31, 2000 between Reliant Energy, Incorporated and Reliant Resources, Inc. | Reliant Energy's Form 10-Q for the quarter ended March 31, 2001 | 1-3187 | 10.1 | X | | |
| 10(h)(2) | — | First Amendment to Exhibit 10(h)(1) effective as of February 1, 2003 | CenterPoint Energy's Form 10-K for the year ended December 31, 2002 | 1-31447 | 10(bb)(5) | X | | |
| 10(h)(3) | — | Employee Matters Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc. | Reliant Energy's Form 10-Q for the quarter ended March 31, 2001 | 1-3187 | 10.5 | X | | |
| 10(h)(4) | — | Retail Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc. | Reliant Energy's Form 10-Q for the quarter ended March 31, 2001 | 1-3187 | 10.6 | X | | |
| 10(h)(5) | — | Tax Allocation Agreement, entered into as of December 31, 2000, between Reliant Energy, Incorporated and Reliant Resources, Inc. | Reliant Energy's Form 10-Q for the quarter ended March 31, 2001 | 1-3187 | 10.8 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 10(i)(1) | — | Separation Agreement entered into as of August 31, 2002 between CenterPoint Energy and Texas Genco | CenterPoint Energy's Form 10-K for the year ended December 31, 2002 | 1-31447 | 10(cc)(1) | X | | |
| 10(i)(2) | — | Transition Services Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco | CenterPoint Energy's Form 10-K for the year ended December 31, 2002 | 1-31447 | 10(cc)(2) | X | | |
| 10(i)(3) | — | Tax Allocation Agreement, dated as of August 31, 2002, between CenterPoint Energy and Texas Genco | CenterPoint Energy's Form 10-K for the year ended December 31, 2002 | 1-31447 | 10(cc)(3) | X | | |
| *10(j)(1) | — | CenterPoint Energy, Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2003 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2003 | 1-31447 | 10.2 | X | | |
| *10(j)(2) | — | First Amendment to Exhibit 10(j)(1) effective as of January 1, 2008 | CenterPoint Energy's Form 8-K dated February 20, 2008 | 1-31447 | 10.4 | X | | |
| *10(k)(1) | — | Amended and Restated CenterPoint Energy 2005 Deferred Compensation Plan, effective January 1, 2009 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008 | 1-31447 | 10.1 | X | | |
| *10(k)(2) | — | First Amendment to Exhibit 10(k)(1) effective March 1, 2022 | CenterPoint Energy's Form 8-K dated April 22, 2022 | 1-31447 | 10.10 | X | | |
| *10(k)(3) | — | Second Amendment to Exhibit 10(k)(1) effective May 1, 2022 | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2022 | 1-31447 | 10.11 | X | | |
| *10(l)(1) | — | CenterPoint Energy Inc., Short Term Incentive Plan, as amended and restated effective January 1, 2022 | CenterPoint Energy Form 10-K for the year ended December 31, 2021 | 1-31447 | 10(l) | X | | |
| †*10(l)(2) | — | First Amendment to Exhibit 10(l)(1) effective as of January 1, 2023 | | | | X | | |
| *10(m)(1) | — | Amended and Restated CenterPoint Energy Stock Plan for Outside Directors | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018 | 1-31447 | 10.1 | X | | |
| *10(m)(2) | | First Amendment to Exhibit 10(m)(1), dated as of February 19, 2020 | CenterPoint Energy's Form 10-K for the year ended December 31, 2019 | 1-31447 | 10(n)(2) | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 10(n) | — | City of Houston Franchise Ordinance | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2005 | 1-31447 | 10.1 | X | X | |
| 10(o)(1) | — | Amended and Restated HL&P Executive Incentive Compensation Plan effective as of January 1, 1985 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008 | 1-31447 | 10.2 | X | | |
| 10(o)(2) | — | First Amendment to Exhibit 10(o)(1) effective as of January 1, 2008 | CenterPoint Energy's Form 10-Q for the quarter ended September 30, 2008 | 1-31447 | 10.3 | X | | |
| *10(p)(1) | — | CenterPoint Energy, Inc. 2009 Long Term Incentive Plan | CenterPoint Energy's Schedule 14A dated March 13, 2009 | 1-31447 | A | X | | |
| *10(p)(2) | — | Form of Performance Award Agreement for 20XX - 20XX Performance Cycle under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2019 | 1-31447 | 10(q)(2) | X | | |
| *10(p)(3) | — | Form of Performance Award Agreement for Executive Chairman 20XX - 20XX Performance Cycle under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018 | 1-31447 | 10.4 | X | | |
| *10(p)(4) | — | Form of Restricted Stock Unit Award Agreement (With Performance Goal) under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K dated February 28, 2012 | 1-31447 | 10.2 | X | | |
| *10(p)(5) | — | Form of Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2019 | 1-31447 | 10(q)(5) | X | | |
| *10(p)(6) | — | Form of Restricted Stock Unit Award Agreement (Retention, Service-Based Vesting) under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K dated June 30, 2020 | 1-31447 | 10.4 | X | | |
| *10(p)(7) | — | Form of Executive Chairman Restricted Stock Unit Award Agreement (Service-Based Vesting) under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-Q for the quarter ended March 31, 2018 | 1-31447 | 10.7 | X | | |
| *10(p)(8) | — | Form of Performance Award Agreement for the Chief Executive Officer under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K dated June 30, 2020 | 1-31447 | 10.2 | X | | |
| *10(p)(9) | — | Form of Restricted Stock Unit Award Agreement for the Chief Executive Officer under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K dated June 30, 2020 | 1-31447 | 10.3 | X | | |
| *10(p)(10) | — | Form of Award Agreement for Performance Share Units for Named Executive Officers (Separation) under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K/A dated June 30, 2020 | 1-31447 | 10.1 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| *10(p)(11) | — | Form of Award Agreement for Restricted Stock Units for Named Executive Officers (Separation) under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K/A dated June 30, 2020 | 1-31447 | 10.2 | X | | |
| *10(p)(12) | — | Form of Restricted Stock Unit Award Agreement (Service-Based Vesting with Performance Goals) under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2020 | 1-31447 | 10(q)(12) | X | | |
| *10(p)(13) | — | Form of Restricted Stock Unit Award Agreement for CEO (Service-Based Vesting with Performance Goals) under Exhibit 10(p)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2020 | 1-31447 | 10(q)(13) | X | | |
| *10(p)(14) | — | Form of Restricted Stock Unit Award Agreement (Fully Vested) under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K/A dated February 19, 2020 | 1-31447 | 10.1 | X | | |
| *10(p)(15) | — | Form of Restricted Stock Unit Award Agreement for the Chief Executive Officer under Exhibit 10(p)(1) | CenterPoint Energy's Form 8-K dated July 20, 2021 | 1-31447 | 10.1 | X | | |
| *10(q)(1) | — | Change in Control Plan | CenterPoint Energy's Form 8-K dated April 27, 2017 | 1-31447 | 10.1 | X | | |
| *10(q)(2) | — | First Amendment to Exhibit 10(q)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2020 | 1-31447 | 10(t)(2) | X | | |
| *10(q)(3) | — | Second Amendment to Exhibit 10(q)(1) | CenterPoint Energy's Form 10-K for the year ended December 31, 2021 | 1-31447 | 10(q)(3) | X | | |
| *10(r) | — | Omnibus Amendment to CenterPoint Energy, Inc. Benefit Plans, dated May 23, 2013 | CenterPoint Energy's Form 10-K for the year ended December 31, 2013 | 1-31447 | 10(zz) | X | | |
| *10(s) | — | Vectren Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2001 | Vectren's Form 10-K for the year end December 31, 2001 | 1-15467 | 10.32 | X | | |
| *10(t) | — | Vectren Corporation Non-Qualified Deferred Compensation Plan, effective January 1, 2005 | Vectren's Form 8-K dated September 29, 2008 | 1-15467 | 10.3 | X | | |
| *10(u) | — | Vectren Nonqualified Defined Benefit Restoration Plan, as amended and restated effective January 1, 2005 | Vectren's Form 8-K dated December 17, 2008 | 1-15467 | 10.2 | X | | |
| *10(v) | — | Vectren specimen change in control agreement dated December 31, 2011 | Vectren's Form 8-K dated January 5, 2012 | 1-15467 | 10.1 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| *10(w) | — | Amendment Number One to the Vectren specimen change in control agreement dated December 31, 2012 | Vectren's Form 10-K for the year end December 31, 2012 | 1-15467 | 10.1 | X | | |
| *10(x) | — | Vectren Unfunded Supplemental Retirement Plan for a Select Group of Management Employees (As Amended and Restated Effective January 1, 2005) | Vectren's Form 8-K dated December 17, 2008 | 1-15467 | 10.1 | X | | |
| *10(y) | — | Vectren Specimen Waiver, effective October 3, 2013, to the Vectren Unfunded Supplemental Retirement Plan for a Select Group of Management Employees | Vectren's Form 10-Q for the quarter ended September 30, 2013 | 1-15467 | 10.1 | X | | |
| 10(z) | — | Offer Letter between CenterPoint Energy and David J. Lesar | CenterPoint Energy's Form 8-K dated June 30, 2020 | 1-31447 | 10.1 | X | | |
| 10(aa) | — | Offer Letter between CenterPoint Energy and Jason P. Wells | CenterPoint Energy's Form 8-K dated September 15, 2020 | 1-31447 | 10.1 | X | | |
| 10(bb) | — | Form of Registration Rights Agreement, to be dated as of the Closing Date, by and among Energy Transfer LP and certain unitholders of Enable Midstream Partners, LP as set forth on Schedule I thereto | CenterPoint Energy's Form 8-K dated February 16, 2021 | 1-31447 | 10.2 | X | | |
| 10(cc) | — | Retention Incentive Agreement between CenterPoint Energy, Inc. and David J. Lesar, dated July 20, 2021 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021 | 1-31447 | 10.8 | X | | |
| 10(dd) | — | Separation Agreement between CenterPoint Energy, Inc. and Milton Carroll, dated July 21, 2021 | CenterPoint Energy's Form 10-Q for the quarter ended June 30, 2021 | 1-31447 | 10.9 | X | | |
| *10(ee)(1) | — | CenterPoint Energy, Inc. 2022 Long Term Incentive Plan | CenterPoint Energy's Definitive Proxy Statement filed on March 11, 2022 | 1-31447 | Appendix A | X | | |
| *10(ee)(2) | — | Form of Performance Award Agreement for 20XX-20XX Performance Cycle for the CEO under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.2 | X | | |
| *10(ee)(3) | — | Form of Performance Award Agreement for 20XX-20XX Performance Cycle for officers and director employees under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.3 | X | | |
| *10(ee)(4) | — | Form of Restricted Stock Unit Award Agreement under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.4 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| *10(ee)(5) | — | Form of Restricted Stock Unit Award Agreement for the CEO (with Performance Goals) under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.5 | X | | |
| *10(ee)(6) | — | Form of Restricted Stock Unit Award Agreement (with Performance Goals) under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.6 | X | | |
| *10(ee)(7) | — | Form of Restricted Stock Unit Award Agreement for Officers and Director Employees (with Performance Goals) under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.7 | X | | |
| *10(ee)(8) | — | Form of Restricted Stock Unit Award Agreement for the CEO under Exhibit 10(ee) (1) | CenterPoint Energy's 8-K dated April 22, 2022 | 1-31447 | 10.8 | X | | |
| †*10(ee)(9) | — | Form of Performance Award Agreement for the President and Chief Operating Officer under Exhibit 10(ee)(1) | | | | X | | |
| †*10(ee)(10) | — | Form of Restricted Stock Unit Award Agreement for President and Chief Operating Officer (with Performance Goals) under Exhibit 10(ee)(1) | | | | X | | |
| 10(ff) | — | $500,000,000 Term Loan Agreement dated as of August 23, 2022 among CenterPoint Energy Resources Corp., as Borrower, Mizuho Bank, Ltd., as Administrative Agent, and the banks named therein | CERC's Form 8-K dated August 23, 2022 | 1-13265 | 10.1 | | | X |
| 10(gg) | — | $2,400,000,000 Amended and Restated Credit Agreement dated as of December 6, 2022 among CenterPoint Energy, Inc., as Borrower, JPMorgan Chase Bank, N.A., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto | CenterPoint Energy's 8-K dated December 6, 2022 | 1-31447 | 10.1 | X | | |
| 10(hh) | — | $300,000,000 Credit Agreement dated as of December 6, 2022 among CenterPoint Energy Houston Electric, LLC, as Borrower, Mizuho Bank, Ltd., as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto | CenterPoint Energy's 8-K dated December 6, 2022 | 1-31447 | 10.2 | | X | |
| 10(ii) | — | $1,050,000,000 Credit Agreement dated as of December 6, 2022 among CenterPoint Energy Resources Corp., as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto | CenterPoint Energy's 8-K dated December 6, 2022 | 1-31447 | 10.3 | | | X |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| 10(jj) | — | $250,000,000 Credit Agreement dated as of December 6, 2022 among Southern Indiana Gas and Electric Company, as Borrower, Wells Fargo Bank, National Association, as Administrative Agent, the financial institutions as bank parties thereto and the other parties thereto | CenterPoint Energy's 8-K dated December 6, 2022 | 1-31447 | 10.4 | X | | |
| †10(kk) | | $500,000,000 Term Loan Agreement dated as of February 16, 2023 among CenterPoint Energy Resources Corp., as Borrower, Mizuho Bank, Ltd., as Administrative Agent, and the banks named therein | | | | | | X |
| †21.1 | — | Subsidiaries of CenterPoint Energy | | | | X | | |
| †21.2 | — | Subsidiaries of CERC Corp. | | | | | | X |
| †23.1.1 | — | Consent of Deloitte & Touche LLP | | | | X | | |
| †23.1.2 | — | Consent of Deloitte & Touche LLP | | | | | X | |
| †23.1.3 | — | Consent of Deloitte & Touche LLP | | | | | | X |
| †23.2 | — | Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of Enable Midstream Partners, LP | | | | X | | |
| †31.1.1 | — | Rule 13a-14(a)/15d-14(a) Certification of David J. Lesar | | | | X | | |
| †31.1.2 | — | Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells | | | | | X | |
| †31.1.3 | — | Rule 13a-14(a)/15d-14(a) Certification of Ja son P. Wells | | | | | | X |
| †31.2.1 | — | Rule 13a-14(a)/15d-14(a) Certification of Jason P. Wells | | | | X | | |
| †32.1.1 | — | Section 1350 Certification of David J. Lesar | | | | X | | |
| †32.1.2 | — | Section 1350 Certification of Jason P. Wells | | | | | X | |
| †32.1.3 | — | Section 1350 Certification of Jason P Wells | | | | | | X |
| †32.2.1 | — | Section 1350 Certification of Jason P. Wells | | | | X | | |
| 99.1 | — | Financial Statements of Enable Midstream Partners, LP as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 | Part II, Item 8 of Enable Midstream Partners, LP's Form 10-K for the year ended December 31, 2020 | 001-36413 | Item 8 | X | | |
| 99.2 | — | Financial Statements of Enable Midstream Partners, LP as of September 30, 2021 and 2020 and for the three and nine months ended September 30, 2021 and 2020 | Part I, Item 1 of Enable Midstream Partners, LP's Form 10-Q for the quarter ended September 30, 2021 | 001-36413 | Item 1 | X | | |

| Exhibit Number | | Description | Report or Registration Statement | SEC File or Registration Number | Exhibit Reference | CenterPoint Energy | Houston Electric | CERC |
|---|---|---|---|---|---|---|---|---|
| †101.INS | — | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | | | | X | X | X |
| †101.SCH | — | Inline XBRL Taxonomy Extension Schema Document | | | | X | X | X |
| †101.CAL | — | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | X | X | X |
| †101.DEF | — | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | X | X | X |
| †101.LAB | — | Inline XBRL Taxonomy Extension Labels Linkbase Document | | | | X | X | X |
| †101.PRE | — | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | X | X | X |
| †104 | — | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | X | X | X |

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on the 17th day of February, 2022.

**CENTERPOINT ENERGY, INC.**
(Registrant)

By: /s/ DAVID J. LESAR
David J. Lesar
*Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

| Signature | Title |
|---|---|
| /s/ DAVID J. LESAR<br>David J. Lesar | Chief Executive Officer and<br>Director (Principal Executive Officer and Director) |
| /s/ JASON P. WELLS<br>Jason P. Wells | President, Chief Operating Officer and Chief<br>Financial Officer (Principal Financial Officer) |
| /s/ KARA GOSTENHOFER RYAN<br>Kara Gostenhofer Ryan | Vice President and Chief Accounting Officer<br>(Principal Accounting Officer) |
| /s/ WENDOLYNN MONTOYA CLOONAN<br>Wendolynn Montoya Cloonan | Director |
| /s/ EARL M. CUMMINGS<br>Earl M. Cummings | Director |
| /s/ CHRISTOPHER H. FRANKLIN<br>Christopher H. Franklin | Director |
| /s/ RAQUELLE W. LEWIS<br>Raquelle W. Lewis | Director |
| /s/ MARTIN H. NESBITT<br>Martin H. Nesbitt | Director |
| /s/ THEODORE F. POUND<br>Theodore F. Pound | Director |
| /s/ PHILLIP R. SMITH<br>Phillip R. Smith | Director |
| /s/ BARRY T. SMITHERMAN<br>Barry T. Smitherman | Director |

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC**
(Registrant)

By: /s/ JASON P. WELLS
Jason P. Wells
*President, Chief Executive Officer and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

| Signature | Title |
|---|---|
| /s/ JASON P. WELLS<br>(Jason P. Wells) | Manager, President, Chief Executive Officer and Chief Financial Officer<br>(Principal Executive Officer and Principal Financial Officer) |
| /s/ KARA GOSTENHOFER RYAN<br>(Kara Gostenhofer Ryan) | Vice President and Chief Accounting Officer<br>(Principal Accounting Officer) |

**CENTERPOINT ENERGY RESOURCES CORP.**
(Registrant)

By: /s/ JASON P. WELLS
Jason P. Wells
*President, Chief Executive Officer and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2023.

| Signature | Title |
|---|---|
| /s/ JASON P. WELLS<br>(Jason P. Wells) | Chairman, President, Chief Executive Officer and Chief Financial Officer<br>(Principal Executive Officer, Principal Financial Officer and Director) |
| /s/ KARA GOSTENHOFER RYAN<br>(Kara Gostenhofer Ryan) | Vice President and Chief Accounting Officer<br>(Principal Accounting Officer) |

**Exhibit 4(k)(4)**

**Third Amendment to**
**Bond Purchase and Covenants Agreement**

This Third Amendment to Bond Purchase and Covenants Agreement (this *"Third Amendment"* ) is dated December 7, 2022 (the *"Effective Date"* ), and is made by and among Southern Indiana Gas and Electric Company, an Indiana corporation (the *"Borrower"* ), each lender party hereto (collectively, the *"Lenders"* and, individually, a *"Lender"* ), and PNC Bank, National Association, in its capacity as administrative agent for the Lenders (the *"Administrative Agent"* ). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Bond Purchase and Covenants Agreement (as defined below).

**Background**

1. The Borrower, PNC Bank, National Association and U.S. Bank National Association, in their capacity as Lenders, and the Administrative Agent have entered into that certain Bond Purchase and Covenants Agreement, dated September 14, 2017 (as amended, the *"Bond Purchase and Covenants Agreement"* ).

2. The parties hereto desire to make certain amendments to the Bond Purchase and Covenants Agreement as provided herein.

Now, Therefore, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

*Section 1. Amendments to Bond Purchase and Covenants Agreement.* Effective as of the Effective Date, the Bond Purchase and Covenants Agreement is hereby amended as follows:

(a) The following definitions appearing in Section 1.1 of the Bond Purchase and Covenants Agreement are hereby amended and restated in their entireties as follows:

*"Affiliate"* of any Person shall mean (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, (b) any officer or director of such Person, and (c) with respect to a Lender, any entity administered or managed by the Lender, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans; *provided, however* , no Securitization Subsidiary shall be deemed to be an Affiliate of the Borrower for any purposes of this Agreement. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to direct or

cause the direction of the management and policies of such Person whether by contract, ownership of voting securities, membership interests or otherwise.

*"Indebtedness"* of a Person shall mean such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances or other instruments, (e) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, (f) Capitalized Lease Obligations, (g) Contingent Obligations, (h) reimbursement and other obligations in connection with letters of credit, (i) Net Mark-to-Market Exposure of Swap Contracts, (j) Synthetic Lease Obligations and (k) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade; *provided, however* , that Indebtedness of a Person shall not include Securitization Securities.

(b) Section 1.1 of the Bond Purchase and Covenants Agreement is hereby amended by adding the following defined terms in alphabetical sequence to read as follows:

" *Securitization Securities"* means bonds or other debt securities issued to securitize the intangible regulatory assets and related rights of the Borrower or any of its subsidiaries pursuant to regulatory approval of a special utility tariff or similar revenue stream to recover costs such as the costs of, or related to, removal, restoration, repair or early retirement of facilities and other assets, excess fuel costs, other unforeseen or extraordinary costs as a result of a natural disaster or stranded asset costs, or costs associated with the issuance and servicing of Securitization Securities, if (and only if) recourse for the payment of debt service of such bonds or other debt securities is limited to (i) such special utility tariff or similar revenue stream or (ii) rights under a financing order issued by the Indiana Utility Regulatory Commission (or other state regulatory body) to the Borrower or any of its subsidiaries to bill, charge and collect dedicated charges to pay the debt service and other authorized costs of such bonds or other debt securities; it being understood that obligations of the "sponsor" and "servicer" in the form of standard sponsor and servicer undertakings shall not constitute "recourse", and in either case, no recourse of such bonds or other debt securities shall exist to the Borrower and any subsidiary of the Borrower other than to the Securitization Subsidiary that issued the Securitization Securities.

*"Securitization Subsidiary"* means a direct or indirect special purpose subsidiary of the Borrower created to issue Securitization Securities.

(c) Section 1.2 of the Bond Purchase and Covenants Agreement is hereby amended and restated in its entirety as follows:

1.2 Construction .

Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (a) references to the plural include the singular, the plural, the part and the whole and the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation"; (b) the words "hereof," "herein," "hereunder," "hereto" and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document as a whole; (c) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (d) reference to any Person includes such Person's permitted successors and assigns; (e) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (f) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding," and "through" means "through and including"; (g) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights; (h) section headings in this Agreement and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document; (i) unless otherwise specified, all references herein to times of day shall be references to Eastern

Time (Standard or Daylight Savings, as applicable); and (j) no Securitization Subsidiary shall be deemed to be a subsidiary of the Borrower for any purposes of this Agreement.

(d) The introductory paragraph of Section 7.2 of the Bond Purchase and Covenants Agreement is hereby amended and restated in its entirety as follows:

7.2 Sale of Assets . Except for the disposition of the Borrower's ownership interest in Warrick Unit 4 and except that the Borrower may assign, transfer, convey and sell assets and/or property, including all of its rights, title and interest in and under a financing order issued by the Indiana Utility Regulatory Commission (or other state regulatory body) to the Borrower or any of its subsidiaries, to a Securitization Subsidiary in connection with the issuance of Securitization Securities by such Securitization Subsidiary, sell, lease or otherwise dispose of any substantial part (as defined below) of the assets of the Borrower and its subsidiaries; provided, however, that the Borrower or any subsidiary may sell, lease or otherwise dispose of assets constituting a substantial part of the assets of the Borrower and its subsidiaries if such assets are sold in an arms-length transaction and, at such time and after giving effect thereto, no Potential Default or Event of Default shall have occurred and be continuing, and an amount equal to the Net Proceeds (as defined below) received from such sale, lease or other disposition (but only with respect to that portion of such assets that exceeds the definition of "substantial part" set forth below) shall in any combination, be used:

(e) Section 7.3 of the Bond Purchase and Covenants Agreement is hereby amended by (x) deleting *"or"* at the end of clause (k); replacing the period as the end of clause (l) with *"; or"* and adding the following clause (m):

(m) Liens on intangible regulatory assets and related rights, customer charges, special utility tariff charges or similar revenue streams, contracts or contract rights created in connection with the contemplated issuance of Securitization Securities by a Securitization Subsidiary.

*Section 3. Representations and Warranties.* To induce the Administrative Agent and the Lenders to enter into this Third Amendment, the Borrower represents and warrants to the Administrative Agent and each Lender on and as of the Effective Date as follows:

(a) The Borrower has the power and authority and legal right to execute and deliver this Third Amendment and to perform its obligations hereunder. The execution and delivery by the Borrower of this Third Amendment and the performance of its obligations hereunder have been duly authorized by proper corporate proceedings, and this Third Amendment, assuming the due authorization by the other parties hereto and the validity and binding effect on such other parties, constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(b) (i) Each of the representations and warranties set forth in the Bond Purchase and Covenants Agreement (after giving effect to this Third Amendment and the transactions contemplated hereby) is true and correct in all material respects as of the date hereof as if fully set forth herein, except for any representation and warranty made as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date and except for any actions taken in the ordinary course of business and (ii) no Event of Default has occurred and is continuing as of the date hereof and after giving effect to this Third Amendment and the transactions contemplated hereby.

*Section 4. Conditions Precedent to Effectiveness.*

(a) This Third Amendment shall become effective on the Effective Date, provided that the Administrative Agent shall have received executed counterparts of this Third Amendment.

(b) The Borrower shall have paid all fees and reasonable expenses payable on or before the Effective Date as required by this Third Amendment, the Fee Letter or any other Loan Document.

*Section 5. Reference To and Effect Upon the Bond Purchase and Covenants Agreement.*

(a) From and after the Effective Date, (i) the term *"Agreement"* in the Bond Purchase and Covenants Agreement, and all references to the Bond Purchase and Covenants Agreement in any other Loan Document, shall mean the Bond Purchase and Covenants Agreement as modified hereby, and (ii) this Third Amendment shall constitute a Loan Document for all purposes of the Bond Purchase and Covenants Agreement and the other Loan Documents.

(b) This Third Amendment is limited as specified herein and shall not constitute a modification, acceptance or waiver of any other provision of the Bond Purchase and Covenants Agreement or any other Loan Document. Except as set forth herein (including any exhibits, schedules and annexes hereto), this Third Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Bond Purchase and Covenants Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Except as set forth herein, nothing herein shall be deemed to entitle the Borrower to receive a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Bond Purchase and Covenants Agreement or any other Loan Document in similar or different circumstances.

*Section 6. Affirmation.* Each of the Borrower and each Lender expressly (a) consents to the amendments set forth in this Third Amendment, (b) reaffirms all of its covenants and other obligations set forth in the Bond Purchase and Covenants Agreement and the other Loan Documents to which it is a party, (c) acknowledges, represents and agrees that its covenants and other obligations set forth in the Bond Purchase and Covenants Agreement and the other Loan Documents to which it is a party remain in full force and effect, and (d) confirms that each of the Loan Documents to which it is a party shall continue to be in full force and effect and is hereby ratified and reaffirmed in all respects.

*Section 7. Counterparts, Etc.* This Third Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Third Amendment and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any prior confidentiality agreements and commitments. Except as provided in Section 4 hereof, this Third Amendment shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Third Amendment by telecopy or email shall be effective as delivery of a manually executed counterpart of this Third Amendment.

*Section 8. Governing Law.* This Third Amendment shall be deemed to be a contract under the Laws of the State of Indiana without regard to its conflict of laws principles.

*Section 9. Severability.* The provisions of this Third Amendment are intended to be severable. If any provision of this Third Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 10. Successors.* The terms of this Third Amendment shall be binding upon, and shall inure for the benefit of, the parties hereto and their respective successors and assigns.

[Signature Pages Follow]

In Witness Whereof, this Third Amendment has been executed by the parties hereto as of the date first written above.

Southern Indiana Gas and Electric Company, as Borrower

By: /s/ Jacqueline M. Richert
Name: Jacqueline M. Richert
Title: Vice President and Treasurer

[Signature Page to Third Amendment]

PNC Bank, National Association,
as a Lender and as Administrative Agent

By: /s/ William Joseph Rein
Name: William Joseph Rein
Title: Assistant Vice President