Notice of Change in Rates

CenterPoint Energy

Joseph J. Vortherms
Division Vice President
Regional Operations

505 Nicollet Mall
P.O. Box 59038
Minneapolis, MN 55459-0038

August 3, 2015

VIA E-Filing

Mr. Daniel Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota;
Docket No. G-008/GR-15-424

Dear Mr. Wolf:

Pursuant to Minnesota Statutes Chapter 216B, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), hereby submits for filing public and non-public copies of its Application for Authority to Increase Natural Gas Rates ("Application"). This Application includes a Notice of Change in Rates, the rate schedules which contain the changes in rates, the testimony, exhibits, schedules and workpapers supporting the changed rates, and the information required by the Commission's rules for changes in rates (Minnesota Rules, parts 7825.3100-7825.4600), as well as compliance items ordered by the Commission in prior proceedings.

Also enclosed is CenterPoint Energy's Petition for Interim Rates and the various supporting testimony, schedules and interim tariffs. The return on equity for the interim rate proposal is 9.59%, which is consistent with the return authorized by the Commission in CenterPoint Energy's most recent rate proceeding, Docket No. G008/GR-13-316.

As the evidence in support of the Application indicates, CenterPoint Energy's operations are efficient and cost-effective. All information presented in support of the Application is based upon the financial condition of CenterPoint Energy's Minnesota operations as a stand-alone distribution utility.

CenterPoint Energy has a long-standing commitment to providing reliable, customer-oriented service at reasonable rates. This general rate increase will enable CenterPoint Energy to fulfill this continuing commitment to our customers, while maintaining CenterPoint Energy's financial health under changing market conditions and increased operating costs. The proposed changes also make movement to align rates with costs incurred by customer class. The rates will generate sufficient revenues to allow CenterPoint Energy to earn a fair and reasonable return on the investment required to meet customer needs and expectations. Without the proposed rate changes, CenterPoint Energy will incur a projected revenue deficiency of $54,106,000 (or 6.4%) in the test year ending September 30, 2016.

All notices, orders, correspondence and communications concerning this filing should be addressed to:

Jeffrey A. Daugherty
Director, Regulatory Affairs
CenterPoint Energy
505 Nicollet Mall
Minneapolis, MN 55402
(612) 321-5070

and to CenterPoint Energy's attorneys:

Brenda A. Bjorklund
Director, Law
CenterPoint Energy
505 Nicollet Mall
Minneapolis, MN 55402

Eric F. Swanson
Winthrop & Weinstine, P.A.
225 South 6th Street, Suite 3500
Minneapolis, MN 55402

Please note that certain portions of the enclosed workpapers contain non-public trade secret information. Relevant pages containing non-public trade secret information are marked as such. The non-public trade secret information includes highly sensitive financial information that CenterPoint Energy maintains as confidential information. If publicly released, this information would have economic value to CenterPoint Energy's suppliers or competitors, to the detriment of CenterPoint Energy and its customers. Therefore, CenterPoint Energy requests that such non-public trade secret information not be disclosed to any other party without prior notification to and the written consent of CenterPoint Energy.

Sincerely,

/s/

Joseph J. Vortherms
Division Vice President

/mjs
Enclosures

SUMMARY OF FILING

(Pursuant to Minn. R. 7829.2400)

CenterPoint Energy's Application for
Authority to Increase Rates for
Natural Gas Utility Service in Minnesota.
MPUC Docket No. G-008/GR-15-424

On August 3, 2015, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy") filed an Application with the Minnesota Public Utilities Commission ("Commission") for authority to increase its rates for natural gas utility service in Minnesota. The change in rates applies to all of CenterPoint Energy's retail natural gas customers. The overall purposes of the requested rate change are to produce additional revenues to meet CenterPoint Energy's cost of service for the test year ending September 30, 2016 and to more closely align customers' rates with costs. The effect of the final rate increase proposed will be $54,106,000 or approximately a 6.4% overall increase over test year gross revenues. In the event that the Commission suspends the operation of the proposed rate schedules, CenterPoint Energy requests an interim rate increase of $47.8 million annually, or approximately a 5.65% interim rate increase. CenterPoint Energy proposes that the interim rates become effective for service rendered on and after October 2, 2015.

BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION
STATE OF MINNESOTA

In the Matter of the Application of	)	**NOTICE OF CHANGE IN RATES**
CenterPoint Energy Minnesota Gas for	)	
Authority to Increase Natural Gas	)	
Rates in Minnesota	)	MPUC Docket No. G-008/GR-15-424

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), hereby serves notice to the Minnesota Public Utilities Commission ("Commission") pursuant to Minn. Stat. § 216B.16 and Minn. Rules, parts 7825.3100-7825.4600, of a change in rates for sales of natural gas to its Minnesota retail customers.

(1) <u>Notice and Proposal Regarding General Rate Change.</u>
<u>(Minn. Rules, part 7825.3200(A) (1) which references part 7825.3500).</u>

A. Name, address, and telephone number of utility.

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy
Minnesota Gas
505 Nicollet Mall
Minneapolis, MN 55402
(612) 372-4664

Name, address, and telephone number of attorneys for the utility.

Brenda A. Bjorklund
Associate General Counsel
CenterPoint Energy
505 Nicollet Mall
Minneapolis, MN 55402
(612) 321-4976

Eric F. Swanson
Winthrop & Weinstine
225 South 6th Street, Suite 3500
Minneapolis, MN 55402

B. Date of filing and date modified rates are effective:

The date of this filing is August 3, 2015. CenterPoint Energy proposes and requests that the overall rate increase filed herewith become effective for service rendered on and after October 2, 2015. A schedule of rates, reflecting the overall revenue increase requested and the proposed rate design described in the attached documents, is submitted herewith.

If, pursuant to Minn. Stat. § 216B.16, Subd. 2, the Commission suspends the operation of the rate schedules filed herewith, CenterPoint Energy requests that the Commission approve the interim rates proposed in the Petition for Interim Rates, which is filed as a part of this Application, to become effective for service rendered on and after October 2, 2015.

C. Description and purpose of the change in rates requested:

The change in rates applies to all of CenterPoint Energy's retail natural gas customers. The overall purposes of the requested rate change are to produce additional revenues to meet CenterPoint Energy's cost of service for the test year ending September 30, 2016 and to make movement to align customers' rates with costs. This filing is in compliance with the provisions of Minn. Stat. § 216B.16 and the Commission's rule on rate changes.

D. Effect of the change in rates:

The effect of the final rate increase proposed, exclusive of revenues related to franchise fees or gross earnings taxes, will be $54.1 million or approximately a 6.4% overall increase over test year gross revenues. CenterPoint Energy's Petition for Interim Rates proposes an increase of $47.8 million or approximately a 5.65% increase.

E. Signature and title of utility officer authorizing the proposal.

The signature of Joseph J. Vortherms, Division Vice President, is found on page 5.

(2) Modified Rates.
(Minn. Rules part 7825.3200(A) (2) which references part 7825.3600).

The rate schedules containing the proposed changes in rates are filed and included under the Proposed Tariffs tab of this filing. These rate schedules incorporate changes in rate design and tariffs which are shown in the exhibits sponsored by Mr. Drews. The pages in the rate book which have been changed are listed on the top sheet of the Proposed Tariffs tab in Volume 1. The proposed tariff changes are highlighted and explained in Mr. Drews' testimony.

(3) Expert Opinions and Supporting Documents.
Minn. Rules part 7825.3200(A) (3) which references part 7825.3700.

The statements of fact, expert opinions, substantiating documents and exhibits supporting the change in gas rates are attached hereto and made a part hereof. Mr. Vortherms is the designated officer supporting these proposals. By this filing, CenterPoint Energy does not waive any right it may have to update and amend this notice of the statements of fact, expert opinions, substantiating documents and exhibits in support hereof, and to produce other or additional statements of fact, expert opinions, substantiating documents and exhibits to meet all claims, objections or allegations made by any other party herein.

(4) Information Requirements.
(Minn. Rules part 7825.3200(A) (4) which references parts 7825.3800-7825.4400).

Included with this notice is Volume 1, Financial Information, Schedules A through G, which contains the information in support of a general rate increase as provided in Minn. Rules parts 7825.3800 through 7825.4400.

The data for the most recent fiscal year is actual 2014. The test year is a projected year ending September 30, 2016.

(5) Methods and Procedures for Refunding.
(Minn. Rules part 7825.3200(A) (5) which references Minn. Rules part 7825.3300).

Attached is an "Agreement and Undertaking" signed and verified by Mr. Joseph J. Vortherms committing that CenterPoint Energy will make any refunds as required by the Commission.

(6) Energy Conservation
(Minn. Stat. § 216B.16(1).

In compliance with the requirements of Minn. Stat. § 216B.16, Subd. 1, CenterPoint Energy is not required to include its approved conservation improvement plan in this filing.

(7) Notice to Municipalities and Counties.
(Minn. Stat. § 216B.16(1) and Minn. Rules parts 7829.2400).

CenterPoint Energy proposes to mail the Notice of Application for Rate Increase that is included under the Proposed Notices tab of this filing to all municipalities and counties in CenterPoint Energy's natural gas service territory affected by the filing, pursuant to Minn. Stat. § 216B.16, Subd. 1. The notice includes a discussion of interim rates, as well as information regarding the general rate filing. CenterPoint Energy requests prompt approval of the notice so that it may be mailed in a timely fashion. On August 3, 2015, CenterPoint Energy will also serve the filing on the Department of Commerce, Division of Energy Resources and the Office of the Attorney General and serve either the filing or a summary thereof on those persons included on the attached service list.

(8) Customer Notice.
(Minn. Rules part 7829.2400).

CenterPoint Energy will notify customers of its Application to increase gas rates and explain the proposed general rate increase in a bill insert. If CenterPoint Energy's general rate increase is suspended, CenterPoint Energy will also explain the impact of CenterPoint Energy's interim rates on customers' bills in that same insert. This information is included in the proposed customer notice which is filed with this Application. All affected customer classes will receive an explanation of the interim rates and the general rate increase proposals at the time interim rates take effect.

The customer interim rate bill insert will be mailed to customers in the same manner as bills; the interim rate bill insert will identify the applicable interim rate schedule. CenterPoint Energy requests prompt approval of the customer notice filed herewith so it can be included with the first bills under interim rates.

Conclusion

CenterPoint Energy's notice of change in rates and the required public and customer notices are hereby filed. CenterPoint Energy respectfully requests prompt consideration and acceptance of this filing.

Respectfully submitted,

CenterPoint Energy Resources Corp., d/b/a
CenterPoint Energy Minnesota Gas

By __/s/________________________________
Joseph J. Vortherms
Division Vice President
505 Nicollet Mall
Minneapolis, MN 55402
(612) 321-4366

Dated: August 3, 2015

Subscribed and sworn to before me
This 3rd day of August, 2015

_/s/____________________________
Mary Jo Schuh, Notary Public
My Commission Expires 1/31/20

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Mary Jo Schuh, being first duly sworn on oath, deposes and says she served the attached Volumes I and II and related workpapers of CenterPoint Energy's Application for Authority to Increase Natural Gas Rates in Minnesota, MPUC Docket No. G-008/GR-15-424, by having the documents or the summary delivered via E-Filing to the respective addresses on the list or by placing in the U.S. Mail at the city of Minneapolis, a true and correct copy thereof, properly enveloped with postage prepaid, to all persons at the addresses indicated on the attached list:

See attached list on the following page.

__/s/__________________________________
Mary Jo Schuh

Subscribed and sworn to before me
this 3rd day of August, 2015

__/s/____________________________
Linda Baumann, Notary Public
My Commission expires 1/31/20

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	SPL_SL_15-424_Intereested Parties
Angie	Beehler	N/A	Wal-Mart	Energy Dept. 0550 2001 S.E. 10th Street Bentonville, AR 72716	Paper Service	No	SPL_SL_15-424_Intereested Parties
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave FL 14 Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	SPL_SL_15-424_Intereested Parties
C. Ian	Brown	local340@integra.net	United Association	Gas Workers Local 340 312 Central Avenue Southwest Minneapolis, MN 55414	Paper Service	No	SPL_SL_15-424_Intereested Parties
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206 St. Paul, Minnesota 55101	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
William	Davis	N/A	Community Action of Minneapolis	505 East Grant St Ste 100 Minneapolis, Minnesota 55405	Paper Service	No	SPL_SL_15-424_Intereested Parties
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Ronald B.	Edelstein		GTI	1700 South Mount Prospect Road Des Plains, IL 60018	Paper Service	No	SPL_SL_15-424_Intereested Parties
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	SPL_SL_15-424_Intereested Parties
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Vincent R.	Guertin		Local 949 IBEW	12908 Nicollet Avenue South Burnsville, MN 55337	Paper Service	No	SPL_SL_15-424_Intereested Parties
Annete	Henkel	mui@mnutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St.Paul, MN 55101	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Bruce L.	Hoffarber		U.S. Energy Services, Inc.	Suite 1200 605 North Highway 169 Plymouth, MN 55441	Paper Service	No	SPL_SL_15-424_Intereested Parties
Mary	Holly	mholly@winthrop.com	Winthrop & Weinstine, P.A.	225 S Sixth St Ste 3500 Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Eric	Jensen	ejensen@iwla.org	Izaak Walton League of America	Suite 202 1619 Dayton Avenue St. Paul, MN 55104	Electronic Service	No	SPL_SL_15-424_Intereested Parties

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Roger	Leider	roger@mnpropane.org	Minnesota Propane Association	PO Box 220 209 N Run River Dr Princeton, MN 55371	Electronic Service	No	SPL_SL_15-424_Intereested Parties
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	SPL_SL_15-424_Intereested Parties
Michael	Loeffler	mike.loeffler@nngco.com	Northern Natural Gas Co.	CORP HQ, 714 1111 So. 103rd Street Omaha, NE 681241000	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	SPL_SL_15-424_Intereested Parties
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue PO Box 59038 Minneapolis, MN 554590038	Electronic Service	No	SPL_SL_15-424_Intereested Parties

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Samantha	Williams	swilliams@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive Ste 1600 Chicago, IL 60606	Electronic Service	No	SPL_SL_15-424_Intereested Parties
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	SPL_SL_15-424_Intereested Parties
Jonathan	Wolfgram	Jonathan.Wolfgram@state.mn.us	Department of Public Safety	445 Minnesota Street Suite 147 St. Paul, MN 55101-1547	Electronic Service	No	SPL_SL_15-424_Intereested Parties

BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION
STATE OF MINNSOTA

In the Matter of the Application of CenterPoint Energy For Authority to Increase Natural Gas Rates in Minnesota	)))	**AGREEMENT AND UNDERTAKING** MPUC Docket No. G-008/GR-15-424

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), in conjunction with the Notice of Change in Rates filed herewith, makes the following unqualified agreement concerning refund of any portion of the increase in interim rates determined to be unreasonable by the Commission.

CenterPoint Energy hereby agrees and undertakes to refund to its customers the excess of increased rates collected during the period of suspension, including interest thereon which shall be at the current rate of interest as determined by the commission, computed from the effective date of the proposed rates through the date of refund, if any part of the rates put into effect is finally disallowed by the Commission. The refund shall be made in accordance with Minn. Stat. § 216B.16, subd. 3, (c) in a manner approved by the Commission.

In addition, CenterPoint Energy agrees to keep such records of sales and billings under the proposed rates as will be necessary to compute any potential refund.

Dated: August 3, 2015

CENTERPOINT ENERGY RESOURCES CORP., d/b/a
CENTERPOINT ENERGY MINNESOTA GAS

By: __/s/______________________________________
Joseph J. Vortherms, Division Vice President

VERIFICATION

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

Joseph J. Vortherms, being first duly sworn on oath, says that he is a Division Vice President of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, the company making the foregoing Agreement and Undertaking; that said Agreement and Undertaking has been duly authorized by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, he is authorized to execute the same on behalf of said company; that he has read the foregoing Agreement and Undertaking and knows the content thereof and that the same is true and correct to the best of his knowledge, information and belief.

/s/
Joseph J. Vortherms
Division Vice President

Subscribed and sworn to before me
this 3rd day of August, 2015.

/s/
Mary Jo Schuh, Notary Public
My Commission Expires 1/31/20

Proposed Notices

NEW INTERIM RATES EFFECTIVE OCT. 2, 2015

On August 3, 2015, CenterPoint Energy filed a request with the Minnesota Public Utilities Commission (MPUC) to change its rates for utility distribution service. If approved by the MPUC, the proposed new rates will result in an overall increase in revenue of $54.1 million, or about 6.4 percent annually. The requested increase would add about $ 4.85 to a typical residential customer's monthly bill. CenterPoint Energy's last request for an overall increase in its base rate was in 2013. The 2013 rate request was approved by the MPUC in August 2014, and implemented in December 2015.

The MPUC is generally allowed 10 months to issue a final decision on general rate filings. Interim (temporary) rates will begin October 2, 2015, following MPUC approval. If the final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, customers will receive no additional charges for natural gas used while interim rates were in effect.

See below for details of the proposed changes and how they will affect your natural gas bill.

Interim rates begin October 2, 2015

State law permits CenterPoint Energy to charge interim (temporary) rates while the MPUC considers our request for new rates. The MPUC has approved an overall interim rate increase of $ 47.8 million, or 5.65 percent for all CenterPoint Energy customers. The increase is effective for service rendered on and after October 2, 2015.

Proposed rates will help the company recover increased costs

Regulated utilities are authorized by state law to recover the costs of operating a safe and reliable natural gas distribution system. This rate filing is needed to recover the significant capital expenditures CenterPoint Energy is making in the State of Minnesota in compliance with federal and state pipeline safety and integrity regulations. The capital expenditures are necessary to maintain a safe and reliable distribution system that is aging, to respond to significant levels of public improvements, and to modernize our systems with technology improvements.

Here's how the rate change will affect monthly bills:

The proposed rate changes will affect individual monthly bills differently depending on natural gas use and customer group. Bills will also vary because the wholesale cost of natural gas changes each month. Customers' bills contain three parts: Basic Charge, Delivery Charge and cost of gas, which is passed through directly to customers without mark-up. The proposed Basic Charges and Delivery Charges recover only the cost of providing utility distribution service to our customers – about 40 percent of the bill. They do not include wholesale gas costs – about 60 percent of the bill.

The chart below shows the effect of both the interim and proposed rate changes on monthly bills for residential, commercial and industrial customers with average natural gas use:

Customer Type (usage in therms)	Avg monthly usage in therms	Avg monthly bill: current rates	Avg monthly bill: interim rates	Avg monthly bill: proposed rates
Residential	76	$56	$59	$61
Commercial/Industrial				
up to 1,500/year	64	$52	$55	$60
1,500 to 5,000/year	247	$161	$170	$171
5,000 or more/year	1,254	$756	$799	$756
Small Volume Dual Fuel Sales Service				
up to 120,000/year	3,707	$1,810	$1,912	$1,813
120,000 or more/year	12,675	$6,006	$6,345	$6,019
Large Volume Dual Fuel Sales Service	42,761	$17,570	$18,563	$18,513

*figures above are rounded (to the nearest whole number).

Changes proposed for residential monthly
Basic Charge and Delivery Charge

Customers pay for natural gas delivery service in two ways. The first way is a monthly Basic Charge, which recovers a portion of fixed costs that do not change with the amount of natural gas used. The second way is the Delivery Charge, a per therm charge which recovers the costs not recovered in the Basic Charge. The total Delivery Charge amount changes each month with the amount of natural gas used.

CenterPoint Energy is proposing to increase the monthly Basic Charge and the per therm Delivery Charge for most of its customers. CenterPoint Energy proposes to increase the Basic Charge for residential customers from $9.50 to $11.50 a month and to increase the Delivery Charge from the current $0.18977 per therm (which includes the $0.00519 per therm for the Gas Affordability Service Program) to $0.22405 per therm.

This chart shows the current and proposed Basic Charge and Delivery Charge for each customer type:

Customer Type (usage in therms)	Current monthly basic charge	Proposed monthly basic charge	Current delivery charge/therm	Proposed delivery charge/therm
Residential	$ 9.50	$ 11.75	$ 0.18977	$ 0.22405
Commercial/Industrial				
up to 1,500/year	$ 15.00	$ 17.25	$ 0.14648	$ 0.24853
1,500 to 5,000/year	$ 21.00	$ 26.25	$ 0.13848	$ 0.15909
5,000 or more/year	$43.00	$43.00	$ 0.14488	$ 0.14540
Small Volume Dual Fuel Sales Service				
up to 120,000/year	$ 50.00	$ 50.00	$ 0.11409	$ 0.11510
120,000 or more/year	$ 80.00	$ 80.00	$ 0.10697	$ 0.10798
Large Volume Dual Fuel Sales Service	$ 800.00	$ 900.00	$ 0.05034	$ 0.07006

* The current and proposed per therm delivery charges includes the per therm charge for the Gas Affordability Service Program (residential and commercial/industrial customers) and does not include the per therm Conservation Improvement Program Adjustment Rider that is used to recover CIP costs not included in base rates.

How to learn more

Public hearings will be scheduled and overseen by an Administrative Law Judge. Customers and others will be given the opportunity to comment on our rate filing at the hearings. The public is invited to attend and provide comments. Other regulatory agencies that generally comment include the Office of the Attorney General-Antitrust and Utilities Division and the Minnesota Department of Commerce-Divison of Energy Resources (DOC). Public notice of the hearing dates and locations will be published in local newspapers in the company's service area, in a bill insert, and on our Web site at **CenterPointEnergy.com**. You may visit CenterPoint Energy's office 505 Nicollet Mall, Minneapolis, Minn., 55402, to examine the current and proposed rate schedules. Our business office hours are 8 a.m. to 5 p.m., Monday through Friday.

You may also provide comments to the Minnesota Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Pal, Minn., 55101-2147, email PublicComments.puc@state.mn.us, telephone 651-296-0406 or 800-657-3782, or your preferred Telecommunications Relay Service. Comments will be made available to the public on the MPUC's website, except in limited circumstances consistent with the Minnesota Government Data Practices Act. The MPUC does not edit or delete personally identifying information from submissions.

You also may contact the Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, telephone 651-539-1534, your preferred Telecommunications Relay Service or visit the website at www.edockets.state.mn.us/EFiling/search.jsp (Select 15 in the year field, enter 454 in the number field, click on search, and the list of documents will appear on the next page), to examine the filing.

Alternatively, you may examine our current and proposed rate schedules and our filing for new rates by visiting our website at CenterPointEnergy.com/RateCase. Anyone who wishes to formally intervene or testify in the case should contact the Administrative Law Judge, the Honorable [Insert Name Here], Office of Administrative Hearings, P.O. Box 64620, St. Paul, MN 55164-0620, telephone XXX-XXX-XXXX, TDD/TTY 651-641-7878.

You do not need to contact the Judge if you simply want to attend the public hearings, provide oral comments at the public hearings or submit comment letters to the Administrative Law Judge. Written comments are most effective when the following three items are included:

1) the section of CenterPoint Energy's proposal you are addressing;

2) your specific recommendation; and

3) the reason for your recommendation. Please be sure to reference docket number G-008/GR-15-454 in all correspondence or requests.

CenterPoint Energy
2015 – Rate Case Filing – Interim Rate Bill Messages

Interim rate increase – bill message text for CenterPoint Energy's customers:

Rate case filed in August
Interim Rates begin Oct 2.
Public hearings to be
scheduled. Watch for information
and hearing date schedule.

FOR CENTERPOINT ENERGY CUSTOMERS
Notice to Counties and Municipalities
Under Minn. Stat. §216B.16, Subd. 1

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION – STATE OF MINNESOTA

In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota.

NOTICE OF APPLICATION FOR RATE INCREASE
MPUC Docket No. G-008/GR-15-454

On August 3, 2015, CenterPoint Energy, a division of CenterPoint Energy Resources Corp., (CenterPoint Energy), filed a request with the Minnesota Public Utilities Commission (Commission) for a general rate increase of $54.1 million or 6.4 percent. At its meeting on ________, 2015, the Commission accepted CenterPoint Energy's filing as complete. In accordance with Minn. Stat. § 216B.16, Subd. 3, the Commission has approved a total interim increase of $___million or ___ percent. CenterPoint Energy customers will receive a ___ percent increase on their bills.

Below are examples of the affect of the proposed and interim increase on typical bills for CenterPoint Energy customers. Individual changes may be higher or lower depending on actual natural gas usage.

Rate Type (usage in therms)	Average monthly usage in therms	Average monthly bill: current rates	Average monthly bill: interim rates	Average monthly bill: proposed
Residential	76	$56	$59	$61
Commercial/Industrial				
- up to 1,499/year	64	$52	$55	$60
- 1,500 to 4,999/year	247	$161	$170	$171
- 5,000 or more/year	1,254	$756	$799	$756
Small Volume Dual Fuel				
- up to 119,999/year	3,707	$1,810	$1,912	$1,813
- 120,000 or more/year	12,675	$6,006	$6,345	$6,019
Large Volume Dual Fuel	42,761	$17,570	$18,563	$18,513

The Commission will determine the amount of the final rate increase on or before June 2, 2016. If the final approved rates are less than the interim rates, the difference will be refunded to customers, with interest.

To examine the current and proposed rate schedules, visit CenterPoint Energy's office at 505 Nicollet Mall, Minneapolis, Minn., 55402. The Company's business office hours are 8 a.m. to 5 p.m. Monday through Friday. The filing may also be examined at the Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, Minn., 55101, telephone 651-539-1815 or your Preferred Telecommunications Relay Service or at the eDockets Web site at www.edockets.state.mn.us. The current and proposed rate schedules and filing for new rates may also be examined by visiting the Company's Web site at www.CenterPointEnergy.com/ratecase.

An administrative law judge will schedule public hearings. Public notice of the hearing dates and locations will be published in local newspapers in CenterPoint Energy's service areas.

Persons who wish to intervene or testify in this case should contact the Administrative Law Judge, _________, Office of Administrative Hearings, P.O. Box 64620, St. Paul, MN 55164-0620.

CenterPoint Energy
2015 Rate Case Filing – Communities Served

Afton
Albany
Albany Twp
Albertville
Alexandria
Amboy
Andover
Annandale
Anoka
Apple Valley
Arlington
Atwater
Avon
Baldwin Twp
Baxter
Becker Twp
Belgrade Twp
Belle Plaine
Belle Plaine Twp
Benson
Benton Twp (Bongards)
Bethel
Big Lake
Big Lake Twp
Blaine
Bloomington
Blue Earth
Braham
Brainerd
Brooklyn Center
Brooklyn Park
Browerville
Buckman
Buffalo
Burnsville
Cambridge
Cambridge Twp (Grandy)
Carlos
Carver
Cedar Lake Twp
Centerville
Champlin
Chanhassen
Chaska
Clearwater Twp
Cleveland
Cleveland Twp
Coates
Cokato
Cold Spring
Collegeville Twp
Cologne
Columbia Heights
Columbus Twp
Coon Rapids
Corcoran
Corinna Twp
Cottage Grove
Credit River Twp
Crystal
Cyrus
Dahlgren Twp
Dalbo Twp
Dassel
Dayton
Deephaven
Douglas Twp
Dovre Twp
Eagan
Eagle Lake
East Bethel
Eden Prairie
Eden Valley
Edina
Elk River
Excelsior
Foreston
Fort Snelling
Freeport
Fridley
Garrison
Gaylord
Genola
Glencoe
Glenwood
Golden Valley
Grasston
Green Lake Twp
Greenfield
Greenwood
Grove City
Ham Lake
Hampton
Hancock
Hanover
Hartford Twp
Hartland
Hassan Twp
Hastings
Hector
Helena Twp
Hilltop
Hopkins
Howard Lake
Ihlen
Independence
Isanti
Isanti Twp
Isle
Janesville
Jasper
Jordan
Judson Twp
Kandiyohi Twp
Kasota
Kimball
Lake Crystal
Lake Saint Croix Beach
Lakeland
Lakeland Shores
Lakeville
Lanesburgh Twp
Lastrup
Le Center
Le Sueur
Lester Prairie
Lewisville
Lexington
Lino Lakes
Litchfield
Litchfield Twp
Little Falls
Livonia Twp
Long Beach
Long Lake
Long Prairie
Lonsdale
Loretto
Lowry
Luverne
Madelia
Maine Prairie Twp
Mankato
Maple Grove
Maple Lake
Maple Plain
Marshan Twp
Mayer
Mdewakanton Sioux
Medford
Medford Twp
Medicine Lake
Medina
Melrose
Meriden Twp
Miesville
Milaca
Mille Lacs Reservation
Minneapolis
Minnetonka
Minnetonka Beach
Minnetrista
Montgomery
Monticello
Monticello Twp
Morris
Morristown
Mound
Mpls/St Paul Int'l Airport
Nelson
New Germany
New Hope
New Prague
New Trier
Nicollet
Nicollet Twp
Nininger Twp
North Mankato
Norwood Young America
Nowthen (formerly Burns Twp)
Oak Grove
Oak Lawn Twp
Oak Twp
Oakdale
Olivia
Onamia
Orono
Osakis
Osseo
Otsego
Owatonna
Paynesville
Pease
Pierz
Pierz Twp
Pipestone
Plato
Plymouth
Princeton
Princeton Twp
Prior Lake
Ramsey
Randolph
Ravenna Twp
Richfield
Richmond
Robbinsdale
Rockford
Rockville
Rogers
Roscoe
Rosemount
San Francisco Twp
Sand Creek Twp
Sauk Centre
Savage
Shakopee
Shorewood
Silver Lake
Skyline
Sleepy Eye
South Bend Twp
South Harbor Twp
South Haven
Spring Lake Park
Spring Park
Springfield
St. Anthony Village
St. Augusta
St. Bonifacius
St. Francis
St. James
St Joseph Twp
St Lawrence Twp
St. Louis Park
St. Mary's Point
St. Michael
St. Peter
St. Wendel Twp
Stanchfield Twp
Starbuck
Stockholm Twp
Tonka Bay
Vermillion
Victoria
Waconia
Wahkon
Waseca
Waterville
Watkins
Wayzata
Wheatland Twp-Veseli
Willmar
Winnebago
Winsted
Winthrop
Woodbury
Woodland
Woodville Twp
Zimmerman

Counties Served By CenterPoint Energy

County	County Seat
Anoka	Anoka
Blue Earth	Mankato
Brown	New Ulm
Carver	Chaska
Crow Wing	Brainerd
Dakota	Hastings
Douglas	Alexandria
Faribault	Blue Earth
Freeborn	Albert Lea
Hennepin	Minneapolis
Isanti	Cambridge
Kanabec	Mora
Kandiyohi	Willmar
Le Sueur	Le Center
McLeod	Glencoe
Meeker	Litchfield
Mille Lacs	Milaca
Morrison	Little Falls
Nicollet	St. Peter
Pipestone	Pipestone
Pope	Glenwood
Ramsey	St. Paul
Renville	Olivia
Rice	Faribault
Rock	Luverne
Scott	Shakopee
Sherburne	Elk River
Sibley	Gaylord
Stearns	St. Cloud
Steele	Owatonna
Stevens	Morris
Swift	Benson
Todd	Long Prairie
Waseca	Waseca
Washington	Stillwater
Watonwan	St. James
Wright	Buffalo

Required Filing Information

NOTE ON ROUNDING

Most of CenterPoint Energy's costs of service calculations are based upon whole dollars (not rounded). However, these numbers are carried forward to the required filing schedules in thousands of dollars. This process does result in minor rounding differences.

A

CenterPoint Energy Minnesota Gas

Schedule A-1
Information Requirement
Minn. R. 7825.3900(A),(B),(C)

Financial Summary
Minnesota Jurisdiction
($000s)

Line No.	Description	Schedule Reference	Test Year*	Actual Unadjusted Most Recent Fiscal Year 2014	Unadjusted Projected Fiscal Year 2015
1	Average Net Rate Base	B-1	$912,820	$719,736	$825,725
2	Operating Income	C-1	$40,756	$68,631	$45,744
3	Allowance for Funds Used During Construction		$0	$0	$0
4	Total Return (2 + 3)		$40,756	$68,631	$45,744
5	Overall Rate of Return (4 ÷ 1)		4.46%	9.54%	5.54%
6	Rate of Return Required	D-1	7.94%	7.86%	7.87%
7	Required Operating Income (1 x 6)		$72,478	$56,571	$64,985
8	Operating Income Deficiency (7 - 4)		$31,722	($12,060)	$19,241
9	Gross Revenue Conversion Factor	F-1	1.7056	1.7056	1.7056
10	Revenue Deficiency (8 x 9)		$54,106	($20,570)	$32,817

* Period 12 months ended September 30, 2016

B

CenterPoint Energy Minnesota Gas

Schedule B-1
Information Requirement
Minn. R. 7825.4000(A)

Summary of Average Rate Base
Minnesota Jurisdiction
($000s)

Line No.	Description	Test Year	Actual Unadjusted Most Recent Fiscal Year 2014	Unadjusted Projected Fiscal Year 2015
1	Utility Plant in Service	$1,946,672	$1,649,261	$1,819,024
2	Less Accumulated Depreciation and Amortization	890,691	$818,842	$859,371
3	Net Utility Plant in Service	1,055,981	830,419	959,653
4	Construction Work in Progress	-	-	-
5	Net Acquisition Adjustment	-	-	-
6	Gas Storage Inventory - Non Current	177	177	177
7	Customer Advances for Construction	(214)	(214)	(214)
8	Accumulated Deferred Income Taxes	(186,749)	(158,781)	(182,280)
9	Working Capital:			
10	Materials and Supplies	11,286	11,286	11,286
11	Gas Storage Inventory - Current	36,026	40,553	40,445
12	Liquefied Natural Gas Stored	1,660	1,702	1,677
13	Liquefied Petroleum (Propane) Gas	5,919	4,707	5,977
14	Prepayments	1,259	1,259	1,259
15	Other Rate Base Debits & Credits	(13,724)	(13,086)	(13,610)
16	Other Cash Working Capital	1,199	1,714	1,355
17	Average Net Rate Base	$912,820	$719,736	$825,725

CenterPoint Energy Minnesota Gas

Schedule B-2(a)
Information Requirement
Minn. R. 7825.4000(B)(1)

Average Rate Base
Total Utility and Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction Amount	Minnesota Jurisdiction % of Total Utility
1	Utility Plant in Service:			
2	Intangible	929	$929	100.0%
3	Production	21,253	21,253	100.0%
4	Underground Storage	22,812	22,812	100.0%
5	Other Storage	17,005	17,005	100.0%
6	Distribution	1,668,884	1,668,884	100.0%
7	General	215,789	215,789	100.0%
8	Total Utility Plant in Service	$1,946,672	$1,946,672	100.0%
9	Accumulated Reserve:			
10	Intangible	368	$368	100.0%
11	Production	19,003	19,003	100.0%
12	Underground Storage	20,811	20,811	100.0%
13	Other Storage	17,664	17,664	100.0%
14	Distribution	721,107	721,107	100.0%
15	General	111,738	111,738	100.0%
16	Total Accumulated Reserve	$890,691	$890,691	100.0%
17	Net Utility Plant in Service:			
18	Intangible	$561	$561	100.0%
19	Production	2,250	2,250	100.0%
20	Underground Storage	2,001	2,001	100.0%
21	Other Storage	(659)	(659)	100.0%
22	Distribution	947,777	947,777	100.0%
23	General	104,051	104,051	100.0%
24	Total Net Utility Plant in Service	$1,055,981	$1,055,981	100.0%
25	Construction Work in Progress	-	$0	0.0%
26	Net Acquisition Adjustment	0	-	0.0%
27	Gas Storage Inventory-Noncurrent	177	177	100.0%
28	Customer Advances for Construction	(214)	(214)	100.0%
29	Accumulated Deferred Income Taxes	(186,749)	(186,749)	100.0%
30	Working Capital:			
31	Materials and Supplies	11,286	11,286	100.0%
32	Gas Storage Inventory-Current	36,026	36,026	100.0%
33	Liquefied Natural Gas Stored	1,660	1,660	100.0%
34	Liquefied Petroleum (Propane) Gas	5,919	5,919	100.0%
35	Prepayments	1,259	1,259	100.0%
36	Other Rate Base Debits & Credits	(13,724)	(13,724)	100.0%
37	Other Cash Working Capital	1,199	1,199	100.0%
38	Total Working Capital	$43,625	$43,625	100.0%
39	Average Net Rate Base	$912,820	$912,820	100.0%

CenterPoint Energy Minnesota Gas

Schedule B-2(b)
Information Requirement
Minn. R. 7825.4000(B)(2)

Average Rate Base
Total Utility and Minnesota Jurisdiction
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction Amount	Minnesota Jurisdiction % of Total Utility
1	Utility Plant in Service:			
2	Intangible	929	$929	100.0%
3	Production	19,535	19,535	100.0%
4	Underground Storage	21,546	21,546	100.0%
5	Other Storage	15,989	15,989	100.0%
6	Distribution	1,422,887	1,422,887	100.0%
7	General	168,375	168,375	100.0%
8	Total Utility Plant in Service	$1,649,261	$1,649,261	100.0%
9	Accumulated Reserve:			
10	Intangible	326	$326	100.0%
11	Production	18,274	18,274	100.0%
12	Underground Storage	20,048	20,048	100.0%
13	Other Storage	17,277	17,277	100.0%
14	Distribution	665,239	665,239	100.0%
15	General	97,678	97,678	100.0%
16	Total Accumulated Reserve	$818,842	$818,842	100.0%
17	Net Utility Plant in Service:			
18	Intangible	$603	$603	100.0%
19	Production	1,261	1,261	100.0%
20	Underground Storage	1,498	1,498	100.0%
21	Other Storage	(1,288)	(1,288)	100.0%
22	Distribution	757,648	757,648	100.0%
23	General	70,697	70,697	100.0%
24	Total Net Utility Plant in Service	$830,419	$830,419	100.0%
25	Construction Work in Progress	-	$0	0.0%
26	Net Acquisition Adjustment	0	0	0.0%
27	Gas Storage Inventory-Noncurrent	177	177	100.0%
28	Customer Advances for Construction	(214)	(214)	100.0%
29	Accumulated Deferred Income Taxes	(158,781)	(158,781)	100.0%
30	Working Capital:			
31	Materials and Supplies	11,286	11,286	100.0%
32	Gas Storage Inventory-Current	40,553	40,553	100.0%
33	Liquefied Natural Gas Stored	1,702	1,702	100.0%
34	Liquefied Petroleum (Propane) Gas	4,707	4,707	100.0%
35	Prepayments	1,259	1,259	100.0%
36	Other Rate Base Debits & Credits	(13,086)	(13,086)	100.0%
37	Other Cash Working Capital	1,714	1,714	100.0%
38	Total Working Capital	$48,135	$48,135	100.0%
39	Average Net Rate Base	$719,736	$719,736	100.0%

CenterPoint Energy Minnesota Gas

Schedule B-2(c)
Information Requirement
Minn. R. 7825.4000(B)(2)

Average Rate Base
Total Utility and Minnesota Jurisdiction
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction Amount	Minnesota Jurisdiction % of Total Utility
1	Utility Plant in Service:			
2	Intangible	929	$929	100.0%
3	Production	20,587	20,587	100.0%
4	Underground Storage	22,227	22,227	100.0%
5	Other Storage	16,379	16,379	100.0%
6	Distribution	1,560,630	1,560,630	100.0%
7	General	198,272	198,272	100.0%
8	Total Utility Plant in Service	$1,819,024	$1,819,024	100.0%
9	Accumulated Reserve:			
10	Intangible	350	$350	100.0%
11	Production	18,705	18,705	100.0%
12	Underground Storage	20,476	20,476	100.0%
13	Other Storage	17,471	17,471	100.0%
14	Distribution	697,381	697,381	100.0%
15	General	104,988	104,988	100.0%
16	Total Accumulated Reserve	$859,371	$859,371	100.0%
17	Net Utility Plant in Service:			
18	Intangible	$579	$579	100.0%
19	Production	1,882	1,882	100.0%
20	Underground Storage	1,751	1,751	100.0%
21	Other Storage	(1,092)	(1,092)	100.0%
22	Distribution	863,249	863,249	100.0%
23	General	93,284	93,284	100.0%
24	Total Net Utility Plant in Service	$959,653	$959,653	100.0%
25	Construction Work in Progress	-	$0	0.0%
26	Net Acquisition Adjustment	0	-	0.0%
27	Gas Storage Inventory-Noncurrent	177	177	100.0%
28	Customer Advances for Construction	(214)	(214)	100.0%
29	Accumulated Deferred Income Taxes	(182,280)	(182,280)	100.0%
30	Working Capital:			
31	Materials and Supplies	11,286	11,286	100.0%
32	Gas Storage Inventory-Current	40,445	40,445	100.0%
33	Liquefied Natural Gas Stored	1,677	1,677	100.0%
34	Liquefied Petroleum (Propane) Gas	5,977	5,977	100.0%
35	Prepayments	1,259	1,259	100.0%
36	Other Rate Base Debits & Credits	(13,610)	(13,610)	100.0%
37	Other Cash Working Capital	1,355	1,355	100.0%
38	Total Working Capital	$48,389	$48,389	100.0%
39	Average Net Rate Base	$825,725	$825,725	100.0%

Flowchart of Methodology – Rate Base

All assumptions made and approaches used in determining CenterPoint Energy's rate base components result in projected changes from the most recent fiscal year.

The following Flowcharts of Methodology contain the same type of information provided in CenterPoint Energy's 2013 Rate Case (Docket No. G-008/GR-13-316).

Flowchart of Methodology – Gross Plant

1) 12/31/13 Actual CenterPoint Energy Gross Plant per books – Minnesota (Reg. and Non-Reg.)

2) Add Actual CenterPoint Energy Additions/Retirements through December 31, 2014.

3) 12/31/14 Actual Unadjusted CenterPoint Energy Gross Plant (Reg. and Non-Reg.)

4) Add Projected CenterPoint Energy Additions/Retirements through September 30, 2015.

5) 09/30/15 Projected Unadjusted CenterPoint Energy Gross Plant (Reg. and Non-Reg.)

6) Add Projected CenterPoint Energy Additions/Retirements through December 31, 2015.

7) 12/31/15 Projected Unadjusted CenterPoint Energy Gross Plant (Reg. and Non-Reg.)

8) Add Projected CenterPoint Energy Additions/Retirements through September 30, 2016.

9) 09/30/16 Projected Unadjusted CenterPoint Energy Gross Plant (Reg. and Non-Reg.)

10) The following adjustments were made to the 12/31/13, 12/31/14, 09/30/15, 12/31/15 and 09/30/16 CenterPoint Energy balances: Removal of Other Non-Regulated Plant, Removal of Peak Shaving Plants, Removal of NGV Non-Regulated Fueling Station Capital, Removal of NGV Interpretive Center, Removal of the Midwest Disallowance, Removal of the Woodland Cove Project adjustment and Removal of certain main and service line extensions.

See the following page for references to applicable testimony, exhibits and workpapers for each numbered item.

Flowchart of Methodology – Gross Plant (cont.)

1) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

2) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

3) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

4) KRN Testimony, page 118, line 20 through page 125, line 9.. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

5) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

6) KRN Testimony, page 118, line 20 through page 125, line 9.. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

7) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

8) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

9) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, Pages 2 through 23. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

10) KRN Testimony, page 118, line 20 through page 125, line 9. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, Pages 1 through 5.

Flowchart of Methodology – Gross Plant (cont.)

2015 and 2016 Rate Base Assumptions were also discussed in Mr. Nesvig's workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 37 .

The net plant components (gross plant and the accumulated reserve) were projected separately in this rate case.

Total net plant was first projected without distinguishing between regulated and non-regulated assets. Adjustments to remove certain non-regulated assets were calculated separately. Assumptions and approaches regarding application of cost allocations to rate base items were summarized through the incorporation of the Cost Apportionment Manual (CAM), by reference, on page 113, line 2 through page 116, line 21 of KRN testimony.

Flowchart of Methodology – Accumulated Reserve

1) 12/31/13 Actual CenterPoint Energy per books – Minnesota (Reg. and Non-Reg.)
2) Add Actual CenterPoint Energy Provision for Depreciation/Retirements/Salvage through December 31, 2014.
3) 12/31/14 Actual Unadjusted CenterPoint Energy Accumulated Reserve (Reg. and Non-Reg.)
4) Add Projected CenterPoint Energy Provision for Depreciation/Retirements/Salvage through September 30, 2015.
5) 09/30/15 Projected Unadjusted CenterPoint Energy Accumulated Reserve (Reg. and Non-Reg.)
6) Add Projected CenterPoint Energy Provision for Depreciation/Retirements/Salvage through December 31, 2015.
7) 12/31/15 Projected Unadjusted CenterPoint Energy Accumulated Reserve (Reg. and Non-Reg.)
8) Add Projected CenterPoint Energy Provision for Depreciation/Retirements/Salvage through September 30, 2016.
9) 09/30/16 Projected Unadjusted CenterPoint Energy Accumulated Reserve (Reg. and Non-Reg.)
10) The following adjustments were made to the 12/31/13, 12/31/14, 09/30/15, 12/31/15 and 09/30/16 CenterPoint Energy balances: Removal of Other Non-Regulated Plant, Removal of Peak Shaving Plants, Removal of NGV Non-Regulated Fueling Station Capital, Removal of NGV Interpretive Center, Removal of the Midwest Disallowance, Removal of the Woodland Cove Project adjustment and Removal of certain main and service line extensions.

For items 1-10, reference Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 23, line 5 through page 24 line 1 and Exhibit___(KRN-D), Schedule 39, page 3. Also reference Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, pages 4 and 5.

Assumptions and approaches regarding application of cost allocations to rate base items were summarized through the incorporation of the Cost Apportionment Manual (CAM), by reference, on page 113, line 2 through page 116, line 21 of KRN testimony.

2015 and 2016 Rate Base Assumptions were also discussed in Mr. Nesvig's workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 37 .

Flowchart of Methodology – Net Plant

Beginning with the actual December 31, 2014 balances, CenterPoint Energy net plant was projected to December 31, 2015. Workpapers were developed to provide nine-month activity to get from the actual December 31, 2014 balances to the projected September 30, 2015 balances. Likewise, three-month activity is provided to get from projected 9/30/15 to projected 12/31/15 and nine-month activity is provided to get from projected 12/31/15 to projected 9/30/16. Exhibit___(KRN-D), Schedule 38, summarizes the CenterPoint Energy's test year net plant for this rate case. Exhibit___(KRN-D), Schedule 39, pages 1 and 2, summarize CenterPoint Energy's test year gross plant for this rate case. Exhibit___(KRN-D), Schedule 39, page 3 and 4, summarize the CenterPoint Energy's test year accumulated reserve for this rate case. Exhibit___(KRN-WP), Volume 2, Schedule 39, Workpaper 2, pages 1 to 5 show the development of the gross plant and accumulated reserve from actual December 31, 2013 balances to projected September 30, 2016 balances.

Flowchart of Methodology – Gas Storage Inventory-NC

1) 12/31/13 – 12/31/14 actual per CenterPoint Energy's books and records.

2) Project monthly activity through 09/30/16 based on historical experience.

3) Compute 13-month average balance for the test period.

Reference: KRN Testimony, Exhibit___(KRN-D), Schedule 40,
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 24, lines 4 through line 13, and
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 40

Flowchart of Methodology – Customer Advances for Construction

1) 12/31/13 – 12/31/14 actual per CenterPoint Energy's books and records.

2) Project monthly activity through 09/30/16 based on historical experience.

3) Compute 13-month average balance for the test period.

Reference: KRN Testimony, Exhibit___(KRN-D), Schedule 41,
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 24, line 16 through page 25 line 4, and
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 41

Flowchart of Methodology – Accumulated Deferred Income Taxes

1) 12/31/13 – 12/31/14 actual per CenterPoint Energy's books and records.

2) Project monthly activity through 09/30/16 based on historical experience or anticipated activity.

3) Compute 13-month average balance for the test period.

Reference: KRN Testimony, Exhibit___(KRN-D), Schedule 42,
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 25, line 6 through page 26, line 8, and
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 42

Flowchart of Methodology – Working Capital

1) 12/31/13 – 12/31/14 actual per CenterPoint Energy's books and records (Materials and Supplies, Gas Storage Inventory, Liquefied Natural Gas Stored, Liquefied Petroleum (Propane) Gas, Prepayments and Other Debits and Credits).

2) Project monthly activity through 09/30/16 based on historical experience or anticipated activity, as identified in my workpapers.

3) Applied regulated/non-regulated allocations when applicable.

4) Compute 13-month average balance for the test period.

Reference: KRN Testimony, Exhibit___(KRN-D), Schedules 43 through 48,
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 26, line 11 through page 32, line 3, and
KRN Workpapers, Exhibit___(KRN-WP), Volume 2, Schedules 43 through 48

Flowchart of Methodology – Cash from Operating Expenses

1) Prepared a revised lead/lag study using the same methodology that was approved in previous rate cases. The study was calculated using the methodology preferred by the Minnesota Public Utilities Commission in its Statement of Policy on Cash Working Capital, dated June 14, 1982.

   Reference: KRN Testimony, page 117, line 23 through page 118 line 18.

2) Prepared revised lead/lag study based on 2011 actual activity with some updates using calendar

   Reference: KRN Testimony, page 117, line 23 through page 118 line 18.

3) Divide test period operating expenses into 15 categories.

   Reference: KRN Workpaers, Exhibit___(KRN-WP), Volume 2, Schedule 38, Workpaper 2, page 32, line 6 through page 33 line 17.

4) Apply test period dollars against net lead/lag days.

KRN workpapers provide supplemental information on cash from operating expense calculations. These workpapers are included in the original filing.

Flowchart of Methodology – Cash Available from Tax Collections

1) Prepared a revised lead/lag study using the same methodology that was approved in previous rate cases. The study was calculated using the methodology preferred by the Minnesota Public Utilities Commission in its Statement of Policy on Cash Working Capital, dated June 14, 1982.

2) Apply test period dollars against lag days.

Reference: KRN Testimony, page 117, line 23 through page 118 line 18.
KRN Workpapers, Exhibit ____ (KRN-WP), Volume 2, Schedule 50, Workpapers 1 through 12

Factors Used to Allocate Certain Rate Base Items Between States
Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016

Line No.	Rate Base Component	Description of Factor	2014	2015	Test Year

Commencing in September 1993, all of the regulated utility operations of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas are within the state of Minnesota.

Description and Calculation of Factors Used to Allocate
Certain Rate Base Items Between States on Schedule B-5
Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description of Factor	Allocation %	Explanation	Calculation of Factor

Commencing in September 1993, all of the regulated utility operations of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas are within the state of Minnesota.

C

CenterPoint Energy Minnesota Gas

Schedule C-1
Information Requirement
Minn. R. 7825.4100(A)

Statements of Operating Income
Minnesota Jurisdiction
($000s)

Line No.	Description	Test Year	Actual Unadjusted Most Recent Fiscal Year 2014	Unadjusted Projected Fiscal Year 2015
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528	$734,584	$570,282
4	Commercial & Industrial	226,130	336,401	243,304
5	Total Firm	$745,658	$1,070,985	$813,586
6	Dual Fuel	75,042	169,570	133,788
7	Transportation	26,158	25,814	21,821
8	Other	1,108	(23,905)	(4,065)
9	Less: Franchise Fees	-	(19,159)	(11,757)
10	Total	$847,966	$1,223,305	$953,373
11	Late Payment Charges	3,217	3,727	2,828
12	Other Operating Revenue	0	(95)	0
13	Total Operating Revenue	$851,183	$1,226,937	$956,201
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$509,520	$852,930	$613,608
17	Production	1,145	1,652	817
18	Other Gas Supply	806	41	104
19	Underground Storage	896	929	1,014
20	Other Storage	727	1,020	879
21	Distribution & Utilization	39,956	38,414	36,368
22	Customer Accounts	35,985	35,563	39,942
23	Customer Service & Informational	35,215	38,387	34,121
24	Sales	449	404	557
25	Administrative & General	43,614	42,298	39,782
26	Total Operation	$668,313	$1,011,638	$767,192
27	Maintenance	21,480	20,829	20,129
28	Total Operation & Maintenance	$689,793	$1,032,467	$787,321
29	Depreciation and Amortization	73,053	61,312	68,329
30	Federal & State Income Taxes	7,225	(11,034)	11,759
31	Deferred Income Taxes	5,941	48,098	6,054
32	Investment Tax Credit Adjustment	0	(464)	(115)
33	Other Taxes	34,415	27,927	37,109
34	Total Operating Expenses	$810,427	$1,158,306	$910,457
35	Operating Income Before AFUDC	40,756	68,631	45,744
36	Allowance for Funds Used During Construction	-	-	-
37	Total Utility Operating Income	$40,756	$68,631	$45,744

CenterPoint Energy Minnesota Gas

Schedule C-2(a)
Information Requirement
Minn R. 4825.4100(B)

Statements of Operating Income
Total Utility and Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction	% of Total Utility
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528	$519,528	100.0%
4	Commercial & Industrial	226,130	226,130	100.0%
5	Total Firm	$745,658	$745,658	100.0%
6	Dual Fuel	75,042	75,042	100.0%
7	Transportation	26,158	26,158	100.0%
8	Other	1,108	1,108	100.0%
9	Less: Franchise Fees		-	0.0%
10	Total	$847,966	$847,966	100.0%
11	Late Payment Charges	3,217	3,217	100.0%
12	Other Operating Revenue	0	0	0.0%
13	Total Operating Revenue	$851,183	$851,183	100.0%
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$509,520	$509,520	100.0%
17	Production	1,145	1,145	100.0%
18	Other Gas Supply	806	806	100.0%
19	Underground Storage	896	896	100.0%
20	Other Storage	727	727	100.0%
21	Distribution & Utilization	39,956	39,956	100.0%
22	Customer Accounts	35,985	35,985	100.0%
23	Customer Service & Informational	35,215	35,215	100.0%
24	Sales	449	449	100.0%
25	Administrative & General	43,614	43,614	100.0%
26	Total Operation	$668,313	$668,313	100.0%
27	Maintenance	21,480	21,480	100.0%
28	Total Operation & Maintenance	$689,793	$689,793	100.0%
29	Depreciation and Amortization	73,053	73,053	100.0%
30	Federal & State Income Taxes	7,225	7,225	100.0%
31	Deferred Income Taxes	5,941	5,941	100.0%
32	Investment Tax Credit Adjustment	0	0	0.0%
33	Other Taxes	34,415	34,415	100.0%
34	Total Operating Expenses	$810,427	$810,427	100.0%
35	Operating Income Before AFUDC	40,756	$40,756	100.0%
36	Allowance for Funds Used During Construction		-	0.0%
37	Total Utility Operating Income	$40,756	$40,756	100.0%

Note: See the testimony and exhibits of Mr. Nesvig for the adjustments made to determine the proposed operating revenues and expenses.

CenterPoint Energy Minnesota Gas

Schedule C-2(b)
Information Requirement
Minn. R. 7825.4100(B)

Statements of Operating Income
Total Utility and Minnesota Jurisdiction
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction	% of Total Utility
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$734,584	$734,584	100.0%
4	Commercial & Industrial	336,401	336,401	100.0%
5	Total Firm	$1,070,985	$1,070,985	100.0%
6	Dual Fuel	169,570	169,570	100.0%
7	Transportation	25,814	25,814	100.0%
8	Other	(23,905)	(23,905)	100.0%
9	Less: Franchise Fees	(19,159)	(19,159)	100.0%
10	Total	$1,223,305	$1,223,305	100.0%
11	Late Payment Charges	3,727	3,727	100.0%
12	Other Operating Revenue	(95)	(95)	100.0%
13	Total Operating Revenue	$1,226,937	$1,226,937	100.0%
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$852,930	$852,930	100.0%
17	Production	1,652	1,652	100.0%
18	Other Gas Supply	41	41	100.0%
19	Underground Storage	929	929	100.0%
20	Other Storage	1,020	1,020	100.0%
21	Distribution & Utilization	38,414	38,414	100.0%
22	Customer Accounts	35,563	35,563	100.0%
23	Customer Service & Informational	38,387	38,387	100.0%
24	Sales	404	404	100.0%
25	Administrative & General	42,298	42,298	100.0%
26	Total Operation	$1,011,638	$1,011,638	100.0%
27	Maintenance	20,829	20,829	100.0%
28	Total Operation & Maintenance	$1,032,467	$1,032,467	100.0%
29	Depreciation and Amortization	61,312	61,312	100.0%
30	Federal & State Income Taxes	(11,034)	(11,034)	100.0%
31	Deferred Income Taxes	48,098	48,098	100.0%
32	Investment Tax Credit Adjustment	(464)	(464)	100.0%
33	Other Taxes	27,927	27,927	100.0%
34	Total Operating Expenses	$1,158,306	$1,158,306	100.0%
35	Operating Income Before AFUDC	68,631	68,631	100.0%
36	Allowance for Funds Used During Construction		0	0.0%
37	Total Utility Operating Income	$68,631	$68,631	100.0%

CenterPoint Energy Minnesota Gas

Schedule C-2(c)
Information Requirement
Minn. R. 7825.4100(B)

Statements of Operating Income
Total Utility and Minnesota Jurisdiction
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Total Utility	Minnesota Jurisdiction	% of Total Utility
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$570,282	$570,282	100.0%
4	Commercial & Industrial	243,304	243,304	100.0%
5	Total Firm	$813,586	$813,586	100.0%
6	Dual Fuel	133,788	133,788	100.0%
7	Transportation	21,821	21,821	100.0%
8	Other	(4,065)	(4,065)	100.0%
9	Less: Franchise Fees	(11,757)	(11,757)	100.0%
10	Total	$953,373	$953,373	100.0%
11	Late Payment Charges	2,828	2,828	100.0%
12	Other Operating Revenue	0	0	0.0%
13	Total Operating Revenue	$956,201	$956,201	100.0%
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$613,608	$613,608	100.0%
17	Production	$817	817	100.0%
18	Other Gas Supply	$104	104	100.0%
19	Underground Storage	$1,014	1,014	100.0%
20	Other Storage	$879	879	100.0%
21	Distribution & Utilization	$36,368	36,368	100.0%
22	Customer Accounts	$39,942	39,942	100.0%
23	Customer Service & Informational	34,121	34,121	100.0%
24	Sales	557	557	100.0%
25	Administrative & General	39,782	39,782	100.0%
26	Total Operation	$767,192	$767,192	100.0%
27	Maintenance	20,129	20,129	100.0%
28	Total Operation & Maintenance	$787,321	$787,321	100.0%
29	Depreciation and Amortization	$68,329	68,329	100.0%
30	Federal & State Income Taxes	$11,759	11,759	100.0%
31	Deferred Income Taxes	$6,054	6,054	100.0%
32	Investment Tax Credit Adjustment	($115)	(115)	100.0%
33	Other Taxes	37,109	37,109	100.0%
34	Total Operating Expenses	$910,457	$910,457	100.0%
35	Operating Income Before AFUDC	45,744	45,744	100.0%
36	Allowance for Funds Used During Construction	-	-	0.0%
37	Total Utility Operating Income	$45,744	$45,744	100.0%

CenterPoint Energy Minnesota Gas

Schedule C-3(a)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description	Test Year Total
1	Net Operating Income (Before Income Taxes)	53,921,639
2	Deduct Interest and Other Charges	(22,272,808)
3	Net Income	31,648,831
4	Add Back Income Tax Provisions	
5	Net Income Before Income Tax Provisions	31,648,831
6	Schedule M-1 Adjustments	
7	Add Book Depreciation	73,053,000
8	Add Taxable Contributions in Aid of Construction	3,805,751
10	Add Post Retirement Benefits Liability Accrual on Books	0
11	Add Non-Deductible Meal and Entertainment Expenses at 50%	136,048
12	Add Non-Deductible Lobbying Expenses	32,076
13	Deduct Tax Depreciation	(91,219,161)
14	Taxable Income Before Income Taxes	17,456,545

CenterPoint Energy Minnesota Gas

Schedule C-3(b)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description	Test Year Total
1	Taxable Income Before Income Taxes	17,456,545
2	Federal Income Tax:	
3	Taxable Income Before Income Taxes (above)	17,456,545
4	Less Minnesota Income Tax (below)	(1,715,741)
5	Federal Taxable Income	15,740,804
6	Federal Income Tax Rate	35.00%
7	Total Federal Income Tax	5,509,282
8	Minnesota Income Tax	
9	Taxable Income Before Income Taxes (above)	17,456,545
10		
11	Minnesota Taxable Income	17,456,545
12	Minnesota Income Tax Rate	9.80%
13	Computed Minnesota Income Tax	1,710,741
14	Minnesota Minimum Fee	5,000
15	Total Minnesota Income Tax	1,715,741

CenterPoint Energy Minnesota Gas

Schedule C-3(c)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description	Test Year Total
1	Deferred Income Taxes:	
2	Federal Deferred Income Taxes:	
3	Depreciation	5,735,057
4	Contributions in Aid of Construction	(1,201,476)
5	FAS 112 Accrual	0
6	Total Federal Deferred Income Taxes	4,533,581
7	Minnesota Deferred Income Taxes:	
8	Depreciation	1,780,284
9	Contributions in Aid of Construction	(372,964)
10	FAS 112 Accrual	0
11	Total Minnesota Deferred Income Taxes	1,407,320
12	Total Deferred Income Taxes	5,940,901

CenterPoint Energy Minnesota Gas

Schedule C-3(d)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description	Test Year Total
1	Current Income Taxes:	
2	Federal Income Tax	5,509,282
3	Minnesota Income Tax	1,715,741
4	Total Current Income Tax	7,225,023
5	Deferred Income Taxes:	
6	Federal Deferred Income Tax	4,533,581
7	Minnesota Deferred Income Tax	1,407,320
8	Total Deferred Income Tax	5,940,901
9	Investment Credit Ratable Flowthrough	0
10	Total Income Taxes	13,165,924

CenterPoint Energy Minnesota Gas

Schedule C-3(e)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Unadjusted Projected Fiscal Year - 2015

(Thousands of $)

Line No.	Description	Total
1	Utility Operating Income (Schedule C-2(c))	45,744
2	Add (Deduct)	
3	Add Federal and State Current Income Taxes	11,759
4	Add Deferred Income Taxes	6,054
5	Deduct Investment Tax Credit Adjustment	(115)
6	Add Book Depreciation and Amortization	68,329
7	Add Post Retirement Benefits Liability Accrual on Books	-
8	Add Taxable Contributions in Aid of Construction	3,517
9	Add Non-Deductible Meal and Entertainment Expenses	169
10	Add Non-Deductible Lobbying Expenses	-
11	Deduct Interest Expense	(20,561)
12	Deduct Tax Depreciation and Amortization	(86,480)
13	Taxable Income Before State Income Tax Deductions	28,416

CenterPoint Energy Minnesota Gas

Schedule C-3(f)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Unadjusted Projected Fiscal Year - 2015

(Thousands of $)

Line No.	Description	Total
1	Taxable Income Before State Income Tax Deductions	28,416
2	Federal Income Tax:	
3	Taxable Income Before Income Taxes (above)	28,416
4	Less Minnesota Income Tax (below)	(2,790)
5	Federal Taxable Income	25,626
6	Federal Income Tax Rate	35.00%
7	Total Federal Income Tax	8,969
8	Minnesota Income Tax:	
9	Taxable Income Before Income Taxes (above)	28,416
10	Minnesota Taxable Income	28,416
11	Minnesota Income Tax Rate	9.80%
12	Computed Minnesota Income Tax	2,785
13	Minnesota Minimum Fee	5
14	Total Minnesota Income Tax	2,790
15	Current Federal and State Income Tax Summary:	
16	Federal Income Tax (above)	8,969
17	Minnesota Income Tax (above)	2,790
18	Total Current Federal and State Income Taxes	11,759

CenterPoint Energy Minnesota Gas

Schedule C-3(g)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Unadjusted Projected Fiscal Year - 2015

(Thousands of $)

Line No.	Description	Total
1	Federal Deferred Income Taxes:	
2	Depreciation	5,730
3	Contributions in Aid of Construction	(1,110)
4	Post Retirement Benefits Liability Accrual	-
5	Building Deferred Expenses and Deferred Credits	-
8	Total Federal Deferred Income Taxes	4,620

CenterPoint Energy Minnesota Gas

Schedule C-3(h)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Unadjusted Projected Fiscal Year - 2015

(Thousands of $)

Line No.	Description	Total
1	Minnesota Deferred Income Taxes:	
2	Depreciation	1,779
3	Contributions in Aid of Construction	(345)
5	Post Retirement Benefits Liability Accrual	-
8	Total Minnesota Deferred Income Taxes	1,434
9	Deferred Federal and State Income Tax Summary:	
10	Federal Deferred Income Tax	4,620
11	Minnesota Deferred Income Tax (above)	1,434
12	Total Deferred Federal and State Income Taxes	6,054
13	Investment Credit Ratable Flowthrough	(115)

CenterPoint Energy Minnesota Gas

Schedule C-3(i)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Actual Unadjusted Most Recent Fiscal Year - 2014

(Thousands of $)

Line No.	Description	Total
1	Utility Operating Income (Schedule C-2(b))	68,632
2	Add (Deduct)	
3	Federal and State Current Income Taxes	(11,034)
4	Deferred Income Taxes (Credit)	48,098
5	Deduct Investment Tax Credit Adjustment	(464)
6	Deduct Interest Expense	(18,621)
7	Non-Deductible Meal and Entertainment Expenses	162
8	Non-Deductible Lobbying Expenses	-
9	Bad Debts	(643)
10	Regulatory Commission Expense	(724)
11	Over/Under Recovery of Gas Costs	(26,343)
12	Regulatory Obligations	1,642
13	Employee Benefits	9
14	Employee Benefits Accrued Incentive Comp	-
15	Other Reserves	2
16	Inventory (263A)	(1,223)
17	Regulatory Obligations	3,691
18	Injuries & Damages Reserves	330
19	Employee Benefits	(4)
20	Rent	(53)
21	Other Reserves	(4,207)
22	PP&E	(68,883)
27	Taxable Income Before State Income Tax Deductions	(9,632)

CenterPoint Energy Minnesota Gas

Schedule C-3(j)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Actual Unadjusted Most Recent Fiscal Year - 2014

(Thousands of $)

Line No.	Description	Total
1	Taxable Income Before State Income Tax Deductions	(9,632)
2	Federal Income Tax:	
3	Taxable Income Before Income Taxes (above)	(9,632)
4	Less Minnesota Income Tax (below)	939
5	Federal Taxable Income	(8,693)
6	Federal Income Tax Rate	35.00%
7	Total Federal Income Tax	(3,043)
8	Minnesota Income Tax:	
9	Taxable Income Before Income Taxes (above)	(9,632)
10	Minnesota Taxable Income	(9,632)
11	Minnesota Income Tax Rate	9.80%
12	Computed Minnesota Income Tax	(944)
13	Minnesota Minimum Fee	5
14	Total Minnesota Income Tax	(939)
15	Current Federal and State Income Tax Summary:	
16	Federal Income Tax (above)	(3,043)
17	Minnesota Income Tax (above)	(939)
18	Adjustment of Prior Year's Accruals	(7,052)
19	Total Current Federal and State Income Taxes	(11,034)

CenterPoint Energy Minnesota Gas

Schedule C-3(k)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Actual Unadjusted Most Recent Fiscal Year - 2014

(Thousands of $)

Line No.	Description	Total
1	Federal Deferred Income Taxes:	
2	Bad Debts	203
3	Regulatory Commission Expense	229
4	Over/Under Recovery of Gas Costs	8,316
5	Regulatory Obligations	(518)
6	Employee Benefits	(3)
7	Employee Benefits Accrued Incentive Comp	-
8	Other Reserves	(1)
9	Inventory (263A)	386
10	Regulatory Obligations	(1,165)
11	Injuries & Damages Reserves	(104)
12	Employee Benefits	1
13	Rent	17
14	Other Reserves	1,328
15	PP&E	21,746
19	Total Federal Deferred Income Taxes	30,435

CenterPoint Energy Minnesota Gas

Schedule C-3(l)
Information Requirement
Minn. R. 7825.4100(c)

COMPUTATION OF FEDERAL AND STATE INCOME TAXES
Actual Unadjusted Most Recent Fiscal Year - 2014

(Thousands of $)

Line No.	Description	Total
1	Minnesota Deferred Income Taxes:	
2	Bad Debts	63
3	Regulatory Commission Expense	71
4	Over/Under Recovery of Gas Costs	2,582
5	Regulatory Obligations	(161)
6	Employee Benefits	(1)
7	Employee Benefits Accrued Incentive Comp	-
8	Other Reserves	-
9	Inventory (263A)	120
10	Regulatory Obligations	(362)
11	Injuries & Damages Reserves	(32)
12	Employee Benefits	-
13	Rent	5
14	Other Reserves	412
15	PP&E	6,751
19	Total Minnesota Deferred Income Taxes	9,448
20	Deferred Federal and State Income Tax Summary:	
21	Federal Deferred Income Tax	30,435
22	Minnesota Deferred Income Tax (above)	9,448
23	Adjustment of Prior Year's Accruals	8,215
24	TC Adjustment	
25	Total Deferred Federal and State Income Taxes	48,098

FLOWCHART OF METHODOLOGY: OPERATING EXPENSES

2014 Actual per Books

+ Calculate impact of test year allocation factors on base year expenses

+ Apply inflation to base year expenses by cost element

2014 Base Year Inflated and Allocated

+

Test Year Proforma Adjustments with Inflation

Test year allocation factors in accordance with the Cost Apportionment Manual (CAM)

Test Year Proforma Adjustments – apply test year allocation factors to adjustments

Test Year Pre-Tax Operating Income

+

Income Tax Adjustment

Test Year Operating Income

CenterPoint Energy Minnesota Gas

Schedule C-4 and C-5
Information Requirement
Minn. R. 7825.4100(D) (E)

FLOWCHART OF METHODOLOGY: OPERATING REVENUE

Line No.	Methodology		Schedule Reference	Testimony Reference
1	Weather Normalized Monthly use per Customer		Exhibit (GLF-D),	Exhibit (KRN-D),
2			Schedule 4	p. 137, line 10
3	x			
4				
5	<u>Monthly Test Year Customer Count</u>		Exhibit (GLF-D),	Exhibit (KRN-D),
6			Schedule 5	p. 137, line 10
7				
8	Test Year Sales for Small Volume Classes		Exhibit (GLF-D),	Exhibit (KRN-D),
9			Schedule 7	p. 137, line 10
10	+			
11				
12	<u>Large Vol Classes Test Year Volume (Customer by Customer basis)</u>		Exhibit (GLF-D),	Exhibit (GLF-D),
13			Schedule 11	p. 18, line 1
14				
15	Summary of Test Year Normalized Sales		Exhibit (KRN-D),	Exhibit (KRN-D),
16			Schedule 58, pg 1	p. 137, line 10
17	x			
18				
19	<u>Appropriate Monthly Billing Rate</u> /1/, /2/		Exhibit (KRN-D),	Exhibit (KRN-D),
20			Schedule 58	p. 137, line 10
21				
22	<u>Test Year Revenue from Billing Rates</u>		Exhibit (KRN-D),	Exhibit (KRN-D),
23			Schedule 58 and	p. 137, line 10
24			Req. Schedule E-2	
25				
26				
27	/1/ Includes annualized rates which align monthly billing rates with Test Year cost of gas			Exhibit (KRN-D),
28				p. 137, line 10
29				
30	/2/ Billing Rates Equal:	Per Unit Demand Cost /a/	Exhibit ___ (KRN-D), Sch. 62, p.2	
31		+ Per Unit Commodity Cost /b/	Exhibit ___ (KRN-D), Sch. 62, p.2	
32		<u>+ Present Per Unit Margin</u>	Exhibit ___ (KRN-D), Sch. 58, p.2	
33		Billing Rate		
34		x Sales		
35		+ Basic Charge		
36				
37		/a/ Total Test Year Demand Cost / Normalized Firm Sales		
38		/b/ Total Test Year Commodity Cost/Normalized Total System Sales		

Development of Operating Expenses

Process

The sequence used to develop test year operating expenses occurs as follows:

- Identify and define all test year proforma adjustments.
- Review and update (if applicable) allocation methods and factors resulting in new test year factors.
- Apply the new allocation factors to the base year and calculate the net effect of the test year allocations on the base year to determine the CAM adjustment.
- Apply the new test year allocation factors and test year inflation factors to the test year proforma adjustments resulting in allocated and inflated test year proforma adjustments.
- Create a master spreadsheet to show test year operating revenue and expenses using the regulated base year amounts and the regulated allocated and inflated test year proforma adjustments.

2014 Base Year

CenterPoint Energy began with the actual 2014 regulated financial information (base year). A report was run from SAP to organize the 2014 actual information by FERC account, then by cost element. The information was imported into an Excel spreadsheet. Test year proforma adjustments were identified and calculated. Test year allocation factors were then calculated. The impact of the test year allocations on the base year was calculated and is detailed in the CAM adjustment.

Test Year Adjustments

The test year operating expenses were developed using actual regulated expenses for the year ended December 31, 2014 (base year). The base year data was reviewed and adjustments were identified as needed to reflect normal utility operations expected to exist at the time test year proposed rates are in effect. Adjustments were stated in either 2014 or test year dollar values; except where doing so would not provide an accurate measurement. Where appropriate, each adjustment was inflated using test year inflation factors. The adjustments (in 2014 dollar values) plus inflation were allocated using the test year allocation factors. This resulted in inflated and allocated test year adjustments. Proforma test year adjustment allocation calculations were performed on Excel spreadsheets.

Cost Allocations

Test year proforma adjustments, other than the Inflation and CAM Allocations on Base Year Adjustments, were calculated and each adjustment was reviewed as to its impact on cost allocation methods factors. New factor percentages were then calculated to reflect normal operations expected to exist at the time test year rates are in effect. The impact of the new allocation factors on the base year was then calculated. The CAM Allocations Adjustment measures the impact of test year allocation factors on the base year.

Each proforma test year adjustment was allocated using the proper test year allocation factor for each cost object affected by the adjustment. Each proforma adjustment was inflated using the applicable inflation method. The allocations and their results are shown in the workpapers supporting each test year proforma adjustment.

Inflation

CenterPoint Energy developed its inflation methodology for the current rate case in a systematic manner. Expenses were analyzed by cost element, as cost elements provide a better description of the type of cost than FERC accounts. Cost elements were grouped into four categories: payroll, secondary payroll, general, and no inflation.

Specific inflation factors were developed for each method. A total of three factors were determined. CenterPoint Energy considered all information available through December 2014. The base year and test year proforma adjustments were categorized by cost element and the applicable factor was applied.

CenterPoint Energy is providing inflation information in the following formats:

- Inflation on base year by FERC.
- Inflation by method, factor % and amount. This worksheet shows the 2014 base year amount by cost element/FERC account combinations, the inflation method, inflation percentage applied and the resulting inflation amount. This worksheet includes regulated and non-regulated information.
- Inflation for each cost element. This worksheet shows the inflation method and percentage for each cost element.
- Inflation for proforma adjustments and base by each methodology. This schedule shows the amount of inflation in each proforma adjustment and for base year by the applicable inflation methodology.
- Inflation by FERC for adjustments and base year. This worksheet shows the amount of inflation in each proforma adjustment and for base by FERC account.
- Inflation by cost element for adjustments and base year. This worksheet shows the amount of inflation in each proforma adjustment and for base year by cost element.

CenterPoint Energy Minnesota Gas

Schedule C-6
Information Requirement
Minn. R. 7825.4100(F)

Factors Used to Allocate Certain Expenses
Between States
Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016

Line No.	Type Expense	Description	Allocation Factor Co. Total	Minnesota	Minnesota Allocation Percent

Commencing in September 1993, all of the regulated utility operations of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas are within the state of Minnesota.

D

CenterPoint Energy Minnesota Gas

Schedule D-1
Information Requirement
Minn. R. 7825.4200

Capitalization and Cost of Capital Summary

Line No.	Description	Amount ($000)	Ratio	Cost	Weighted Cost of Capital
	MOST RECENT FISCAL YEAR - 2014 AVERAGE				
1	Long Term Debt	$288,347	37.85%	5.81%	2.20%
2	Short Term Debt	58,673	7.70%	0.65%	0.05%
3	Common Stock Equity	414,774	54.45%	10.30%	5.61%
4	Total	$761,793	100.00%		7.86%
	PROJECTED FISCAL YEAR - 2015 AVERAGE				
5	Long Term Debt	$396,819	45.31%	5.44%	2.46%
6	Short Term Debt	21,911	2.50%	1.23%	0.03%
7	Common Stock Equity	457,007	52.19%	10.30%	5.38%
8	Total	$875,738	100.00%		7.87%
	TEST YEAR - TWELVE MONTHS ENDING SEPTEMBER 30, 2016 - AVERAGE				
9	Long Term Debt	$409,135	44.71%	5.38%	2.41%
10	Short Term Debt	$17,022	1.86%	1.62%	0.03%
11	Common Stock Equity	488,973	53.43%	10.30%	5.50%
12	Total	$915,130	100.00%		7.94%

Note: All average balances are based on thirteen monthly balances.

CenterPoint Energy Resources Corp.

Schedule D-1(a)
Information Requirement
Minn. R. 7825.4200

Capitalization and Cost of Capital Summary

Line No.	Description	Amount ($000)	Ratio	Cost	Weighted Cost of Capital
	MOST RECENT FISCAL YEAR - 2014 AVERAGE				
1	Long Term Debt	2,163,370	33.53%	5.97%	2.00%
2	Short Term Debt	44,694	0.69%	5.88%	0.04%
3	Trust Preferred Securities	0	0.00%		0.00%
4	Common Stock Equity	4,243,477	65.77%		0.00%
5	Total	6,451,541	100.00%		2.04%
	PROJECTED FISCAL YEAR - 2015 AVERAGE				
6	Long Term Debt	2,253,231	34.61%	5.77%	2.00%
7	Short Term Debt	52,670	0.81%	5.88%	0.05%
8	Trust Preferred Securities	0	0.00%		0.00%
9	Common Stock Equity	4,205,377	64.59%		0.00%
10	Total	6,511,278	100.00%		2.04%
	TEST YEAR - TWELVE MONTHS ENDING SEPTEMBER 30, 2016 - AVERAGE				
11	Long Term Debt	2,345,847	34.64%	5.80%	2.01%
12	Short Term Debt	52,670	0.78%	5.88%	0.05%
13	Trust Preferred Securities	0	0.00%		0.00%
14	Common Stock Equity	4,374,100	64.59%	15.00%	9.69%
15	Total	6,772,617	100.00%		11.74%

Note: All average balances are based on thirteen monthly balances except for common stock equity which is the average of the year end balances.

CenterPoint Energy, Inc.

Schedule D-1(b)
Information Requirement
Minn. R. 7825.4200

Capitalization and Cost of Capital Summary

Line No.	Description	Amount ($000)	Ratio	Cost	Weighted Cost of Capital
	MOST RECENT FISCAL YEAR - 2014 AVERAGE				
1	Long Term Debt	9,092,581	66.98%	4.57%	3.06%
2	Short Term Debt	44,694	0.33%	5.88%	0.02%
3	Trust Preferred Securities	0	0.00%	0.00%	0.00%
4	Common Stock Equity	4,438,466	32.69%		0.00%
5	Total	13,575,741	100.00%		3.08%
	PROJECTED FISCAL YEAR - 2015 AVERAGE				
6	Long Term Debt	9,357,185	67.00%	4.43%	2.97%
7	Short Term Debt	52,670	0.38%	5.88%	0.02%
8	Trust Preferred Securities	0	0.00%		0.00%
9	Common Stock Equity	4,555,696	32.62%		0.00%
10	Total	13,965,551	100.00%		2.99%
	TEST YEAR - TWELVE MONTHS ENDING SEPTEMBER 30, 2016 - AVERAGE				
11	Long Term Debt	9,538,964	67.04%	4.38%	2.94%
12	Short Term Debt	52,670	0.37%	5.88%	0.02%
13	Trust Preferred Securities	0	0.00%		0.00%
14	Common Stock Equity	4,637,450	32.59%	15.00%	4.89%
15	Total	14,229,084	100.00%		7.85%

Note: All average balances are based on thirteen monthly balances except for common stock equity which is the average of the year end balances.

CenterPoint Energy Minnesota Gas

Schedule D-2(a)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	4.93% note issued 7/92 due 2014	$0	$0	$0
2	5.85% note issued 4/99 due 2034	50,000	50,000	$2,925
3	6.01% note issued 12/93 due 2024	30,000	30,000	$1,803
4	6.01 % note issued 9/95 due 2024	35,000	35,000	$2,104
5	6.73% note issued 1/03 due 2023	20,000	20,000	$1,346
6	6.92% note issued 1/03 due 2033	30,000	30,000	$2,076
7	5.11% note issued 10/05 due 2017	25,000	25,000	$1,278
8	5.29% note issued 10/05 due 2020	25,000	25,000	$1,323
9	5.39% note issued 10/05 due 2029	25,000	25,000	$1,348
10	5.52% note issued 2/06 due 2016	-	11,538	$637
11	4.51% note issued 12/14 due 2034	50,000	50,000	$2,255
12	4.45% note issued 12/14 due 2044	50,000	50,000	$2,225
13	4.62% note issued 6/15 due 2045	50,000	50,000	$2,310
14	4.62% note issued 8/16 due 2046	50,000	7,692	$355
15	SUB-TOTAL	$440,000	$409,231	$21,985
16	UNAMORTIZED GAIN/EXPENSE		(96)	11
17	TOTAL		$409,135	$21,996
18	Average Cost			5.38% /1/

/1/ $21,996 / 409,135 = 5.38%

Note: Average outstanding based on thirteen months average balance.

CenterPoint Energy Resources Corp.

Schedule D-2(a)(1)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	5.85% Senior Notes due 2041	300,000	300,000	17,550
2	4.50% Senior Notes due 2021	592,998	592,998	26,685
3	6.00% Senior Notes due 2018	300,000	300,000	18,000
4	6.15% Senior Notes due 2016	-	200,000	12,300
5	6.25% Senior Notes due 2037	150,000	150,000	9,375
6	6.125% Senior Notes due 2017	250,000	250,000	15,313
7	6.625% Senior Notes due 2037	250,000	250,000	16,563
8	5.19% Senior Notes due 2026	675,000	259,615	13,474
9	Revolving Credit Facility	-	88,836	222
10				
11				
12				
13	SUBTOTAL	$ 2,517,998	$ 2,391,450	$ 129,482
14	UNAMORTIZED DEBT EXPENSE		(45,603)	9,246
15	TOTAL		$ 2,345,847	$ 138,728
	Average Cost			5.80% (1)

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended September 30, 2016.

(1) $138,728 / $2,391,450

CenterPoint Energy, Inc.

Long Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	CenterPoint Energy Resources Corp.			
2	5.85% Senior Notes due 2041	300,000	300,000	17,550
3	4.50% Senior Notes due 2021	592,998	592,998	26,685
4	6.00% Senior Notes due 2018	300,000	300,000	18,000
5	6.15% Senior Notes due 2016	-	200,000	12,300
6	6.25% Senior Notes due 2037	150,000	150,000	9,375
7	6.125% Senior Notes due 2017	250,000	250,000	15,313
8	6.625% Senior Notes due 2037	250,000	250,000	16,563
9	5.19% Senior Notes due 2026	675,000	259,615	13,474
10	Revolving Credit Facility	-	88,836	222
11	CenterPoint Energy, Inc.			
12	Revolving Credit Facility	592,349	455,501	1,139
13	2% ZENS due 2029	828,041	828,041	16,561
14	6.85% Senior Notes due 2015	-	-	-
15	5.95% Senior Notes due 2017	250,000	250,000	14,875
16	6.50% Senior Notes due 2018	300,000	300,000	19,500
17	5.05% PC Bonds due 2018 (BRA 1997)	50,000	50,000	2,525
18	5.125% PC Bonds due 2028 (MCND 1997)	68,000	68,000	3,485
19	4.90% PC Bonds due 2015 (BRA 1998D)	-	5,285	259
20	4.73% Senior Note due 2025	268,700	268,700	12,710
21	CenterPoint Energy Houston Electric, LLC			
22	Revolving Credit Facility	-	-	-
23	9.15% First Mortgage Bonds due 2021	102,442	102,442	9,373
24	6.95% General Mortgage Bonds due 2033	312,275	312,275	21,703
25	5.60% General Mortgage Bonds due 2023	200,000	200,000	11,200
26	2.25% General Mortgage Bonds due 2022	300,000	300,000	6,750
27	3.55% General Mortgage Bonds due 2042	500,000	500,000	17,750
28	4.50% General Mortgage Bonds due 2044	600,000	600,000	27,000
29	4.25% PC Bonds due 2017 (BRA 2004)	-	-	-
30	5.60% PC Bonds due 2027 (MCND 2004)	-	-	-
31	4.25% PC Bonds due 2017 (BRA 2004B)	-	-	-
32	4.11% GMB due 2025	300,000	300,000	12,330
33	4.57% GMB due 2026	250,000	76,923	3,515
34	CenterPoint Energy Transition Bond Company II, LLC			
35	5.09% Transition Bonds due 2014	-	-	-
36	5.17% Transition Bonds due 2017	161,344	245,560	12,695
37	5.302% Transition Bonds due 2019	462,000	462,000	24,495
38	CenterPoint Energy Transition Bond Company III, LLC			
39	4.192% Transition Bonds due 2017	-	22,266	933
40	5.234% Transition Bonds due 2020	186,283	186,986	9,787

Long Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
41	CenterPoint Energy Transition Bond Company IV, LLC			
42	0.9012% Transition Bonds due 2017	137,217	196,923	1,775
43	2.1606% Transition Bonds due 2020	407,516	407,516	8,805
44	3.0282% Transition Bonds due 2024	681,262	681,262	20,630
45	CenterPoint Energy Restoration Bond Company, LLC			
46	1.833% Restoration Bonds due 2015	-	-	-
47	3.46% Restoration Bonds due 2018	113,073	138,292	4,785
48	4.243% Restoration Bonds due 2022	279,919	279,919	11,877
49	SUBTOTAL	$ 9,868,419	$ 9,629,342	$ 405,939
50	UNAMORTIZED DEBT EXPENSE		(90,378)	16,094
51	TOTAL		$ 9,538,964	$ 422,033
52	Average Cost			4.38% (1)

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended September 30, 2016.

(1) $422,033 / $9,629,342

CenterPoint Energy Minnesota Gas

Schedule D-2(b)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	4.93% note issued 7/92 due 2014	$0	$10,769	$531
2	5.85% note issued 4/99 due 2034	50,000	50,000	$2,925
3	6.01% note issued 12/93 due 2024	30,000	30,000	$1,803
4	6.01 % note issued 9/95 due 2024	35,000	35,000	$2,104
5	6.73% note issued 1/03 due 2023	20,000	20,000	$1,346
6	6.92% note issued 1/03 due 2033	30,000	30,000	$2,076
7	5.11% note issued 10/05 due 2017	25,000	25,000	$1,278
8	5.29% note issued 10/05 due 2020	25,000	25,000	$1,323
9	5.39% note issued 10/05 due 2029	25,000	25,000	$1,348
10	5.52% note issued 2/06 due 2016	30,000	30,000	$1,656
11	4.51% note issued 12/14 due 2034	50,000	3,846	$173
12	4.45% note issued 12/14 due 2044	50,000	3,846	$171
13		-	-	$0
14		-	-	
15	SUBTOTAL	$370,000	$288,462	$16,734
16	UNAMORTIZED GAIN/DEBT EXPENSE ON REACQUIRED DEBT		(115)	11
17	TOTAL		$288,347	$16,745
19	Average Cost			5.81% /1/

/1/ $16,745 / 288,347 = 5.81%

Note: Average outstanding based on thirteen months average balance.

CenterPoint Energy Resources Corp.

Schedule D-2(b)(1)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest	
1	5.85% Senior Notes due 2041	$ 300,000	$ 300,000	17,550	
2	4.50% Senior Notes due 2021	$ 592,998	$ 592,998	26,685	
3	6.00% Senior Notes due 2018	$ 300,000	$ 300,000	18,000	
4	6.15% Senior Notes due 2016	$ 325,000	$ 325,000	19,988	
5	6.25% Senior Notes due 2037	$ 150,000	$ 150,000	9,375	
6	6.125% Senior Notes due 2017	$ 250,000	$ 250,000	15,313	
7	6.625% Senior Notes due 2037	$ 250,000	$ 250,000	16,563	
8	Revolving Credit Facility	$ 340,890	$ 56,638	142	(2)
9					
10					
11	SUBTOTAL	$ 2,508,888	$ 2,224,636	$ 123,616	
12	UNAMORTIZED DEBT EXPENSE		(61,266) (3)	9,136	(4)
13	TOTAL		$ 2,163,370	$ 132,752	
14	Average Cost			5.97%	(1)

Note: "Average Outstanding" is calculated by averaging the amounts outstanding as of the end of each month during the thirteen months ended December 31, 2014.

(1) $132,752 / $2,224,636

(2) interest rate used for Credit Facility is that used by Treasury on the CERC Average Cost of Total Debt dated 12/31/13

(3) average of month end sum of unamortized debt cost, premium, and discount for the 13 months ended 12/31/2014

(4) average annualized amortization expense for debt cost, premium, and discount for the 13 months ended 12/31/2014

CenterPoint Energy, Inc.

Long Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description		Outstanding End of Period		Average Outstanding	Interest	
1	CenterPoint Energy Resources Corp.						
2	5.85% Senior Notes due 2041	$	300,000	$	300,000	17,550	
3	4.50% Senior Notes due 2021	$	592,998	$	592,998	26,685	
4	6.00% Senior Notes due 2018	$	300,000	$	300,000	18,000	
5	6.15% Senior Notes due 2016	$	325,000	$	325,000	19,988	
6	6.25% Senior Notes due 2037	$	150,000	$	150,000	9,375	
7	6.125% Senior Notes due 2017	$	250,000	$	250,000	15,313	
8	6.625% Senior Notes due 2037	$	250,000	$	250,000	16,563	
9	Revolving Credit Facility	$	340,890	$	56,638	142	(2)
10	CenterPoint Energy, Inc.						
11	Revolving Credit Facility	$	190,500	$	86,508	216	(2)
12	2% ZENS due 2029	$	828,041	$	828,051	16,561	
13	6.85% Senior Notes due 2015	$	200,000	$	200,000	13,700	
14	5.95% Senior Notes due 2017	$	250,000	$	250,000	14,875	
15	6.50% Senior Notes due 2018	$	300,000	$	300,000	19,500	
16	5.05% PC Bonds due 2018 (BRA 1997)	$	50,000	$	50,000	2,525	
17	5.125% PC Bonds due 2028 (MCND 1997)	$	68,000	$	68,000	3,485	
18	4.90% PC Bonds due 2015 (BRA 1998D)	$	68,700	$	68,700	3,366	
19	CenterPoint Energy Houston Electric, LLC						
20	Revolving Credit Facility	$	-	$	-	-	(2)
21	9.15% First Mortgage Bonds due 2021	$	102,442	$	102,442	9,373	
22	6.95% General Mortgage Bonds due 2033	$	312,275	$	312,275	21,703	
23	5.60% General Mortgage Bonds due 2023	$	200,000	$	200,000	11,200	
24	2.25% General Mortgage Bonds due 2022	$	300,000	$	300,000	6,750	
25	3.55% General Mortgage Bonds due 2042	$	500,000	$	500,000	17,750	
26	4.50% General Mortgage Bonds due 2044	$	600,000	$	461,538	20,769	
27	4.25% PC Bonds due 2017 (BRA 2004)	$	-	$	10,112	430	
28	5.60% PC Bonds due 2027 (MCND 2004)	$	-	$	12,945	725	
29	4.25% PC Bonds due 2017 (BRA 2004B)	$	-	$	38,568	1,639	
30	CenterPoint Energy Transition Bond Company II, LLC						
31	5.09% Transition Bonds due 2014		-		11,725	597	
32	5.17% Transition Bonds due 2017		448,198		489,114	25,287	
33	5.302% Transition Bonds due 2019		462,000		462,000	24,495	
34	CenterPoint Energy Transition Bond Company III, LLC						
35	4.192% Transition Bonds due 2017		89,707		104,684	4,388	
36	5.234% Transition Bonds due 2020		187,045		187,045	9,790	
37	CenterPoint Energy Transition Bond Company IV, LLC						
38	0.9012% Transition Bonds due 2017		306,810		371,474	3,348	
39	2.1606% Transition Bonds due 2020		407,516		407,516	8,805	
40	3.0282% Transition Bonds due 2024		681,262		681,262	20,630	
41	CenterPoint Energy Restoration Bond Company, LLC						

Long Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding		Interest	
42	1.833% Restoration Bonds due 2015	23,146	39,704		728	
43	3.46% Restoration Bonds due 2018	160,152	160,152		5,541	
44	4.243% Restoration Bonds due 2022	279,919	279,919		11,877	
45	SUBTOTAL	$ 9,524,601	$ 9,208,370		$ 403,669	
46	UNAMORTIZED DEBT EXPENSE		(115,789)	(3)	16,816	(4)
47	TOTAL		$ 9,092,581		$ 420,485	
48	Average Cost				4.57%	(1)

Note: "Average Outstanding" is calculated by averaging the amounts outstanding as of the end of each month during the thirteen months ended December 31, 2014.

(1) $420,485 / $9,208,370

(2) interest rate used for Credit Facility is that used by Treasury on the CERC Average Cost of Total Debt dated 12/31/13

(3) average of month end sum of unamortized debt cost, premium, and discount for the 13 months ended 12/31/2014

(4) average annualized amortization expense for debt cost, premium, and discount for the 13 months ended 12/31/2014

CenterPoint Energy Minnesota Gas

Schedule D-2(c)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	4.93% note issued 7/92 due 2014	$0	$0	$0
2	5.85% note issued 4/99 due 2034	50,000	50,000	$2,925
3	6.01% note issued 12/93 due 2024	30,000	30,000	$1,803
4	6.01 % note issued 9/95 due 2024	35,000	35,000	$2,104
5	6.73% note issued 1/03 due 2023	20,000	20,000	$1,346
6	6.92% note issued 1/03 due 2033	30,000	30,000	$2,076
7	5.11% note issued 10/05 due 2017	25,000	25,000	$1,278
8	5.29% note issued 10/05 due 2020	25,000	25,000	$1,323
9	5.39% note issued 10/05 due 2029	25,000	25,000	$1,348
10	5.52% note issued 2/06 due 2016	30,000	30,000	$1,656
11	4.51% note issued 12/14 due 2034	50,000	50,000	$2,255
12	4.45% note issued 12/14 due 2044	50,000	50,000	$2,225
13	4.62% note issued 6/15 due 2045	50,000	26,923	$1,244
14		-	-	
15	SUB-TOTAL	$420,000	$396,923	$21,583
16	UNAMORTIZED GAIN/EXPENSE ON REACQUIRED DEBT		(104)	11
17	TOTAL		$396,819	$21,594
18	Average Cost			5.44% /1/

/1/ $21,594 / 396,819 = 5.44%

Note: Average outstanding based on thirteen months average balance.

CenterPoint Energy Resources Corp.

Schedule D-2(c)(1)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	5.85% Senior Notes due 2041	300,000	300,000	17,550
2	4.50% Senior Notes due 2021	592,998	592,998	26,685
3	6.00% Senior Notes due 2018	300,000	300,000	18,000
4	6.15% Senior Notes due 2016	325,000	325,000	19,988
5	6.25% Senior Notes due 2037	150,000	150,000	9,375
6	6.125% Senior Notes due 2017	250,000	250,000	15,313
7	6.625% Senior Notes due 2037	250,000	250,000	16,563
8	Revolving Credit Facility	338,629	137,770	344
9				
10				
11				
12	SUBTOTAL	$ 2,506,627	$ 2,305,768	$ 123,818
13	UNAMORTIZED DEBT EXPENSE		(52,537)	9,246
14	TOTAL		$ 2,253,231	$ 133,064
15	Average Cost			5.77% (1)

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended December 31, 2015.

(1) $133,064 / $2,305,768

CenterPoint Energy, Inc.

Schedu;e D-2(c)(2)
Information Requirement
Minn. R. 7825.4200(B)

Long Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	CenterPoint Energy Resources Corp.			
2	5.85% Senior Notes due 2041	300,000	300,000	17,550
3	4.50% Senior Notes due 2021	592,998	592,998	26,685
4	6.00% Senior Notes due 2018	300,000	300,000	18,000
5	6.15% Senior Notes due 2016	325,000	325,000	19,988
6	6.25% Senior Notes due 2037	150,000	150,000	9,375
7	6.125% Senior Notes due 2017	250,000	250,000	15,313
8	6.625% Senior Notes due 2037	250,000	250,000	16,563
9	Revolving Credit Facility	338,629	137,770	344
10	CenterPoint Energy, Inc.			
11	Revolving Credit Facility	344,093	308,551	771
12	2% ZENS due 2029	828,041	828,050	16,561
13	6.85% Senior Notes due 2015	-	92,308	6,323
14	5.95% Senior Notes due 2017	250,000	250,000	14,875
15	6.50% Senior Notes due 2018	300,000	300,000	19,500
16	5.05% PC Bonds due 2018 (BRA 1997)	50,000	50,000	2,525
17	5.125% PC Bonds due 2028 (MCND 1997)	68,000	68,000	3,485
18	4.90% PC Bonds due 2015 (BRA 1998D)	-	52,846	2,589
19	4.73% Senior Note due 2025	268,700	144,685	6,844
20	CenterPoint Energy Houston Electric, LLC			
21	Revolving Credit Facility	-	-	-
22	9.15% First Mortgage Bonds due 2021	102,442	102,442	9,373
23	6.95% General Mortgage Bonds due 2033	312,275	312,275	21,703
24	5.60% General Mortgage Bonds due 2023	200,000	200,000	11,200
25	2.25% General Mortgage Bonds due 2022	300,000	300,000	6,750
26	3.55% General Mortgage Bonds due 2042	500,000	500,000	17,750
27	4.50% General Mortgage Bonds due 2044	600,000	600,000	27,000
28	4.25% PC Bonds due 2017 (BRA 2004)	-	-	-
29	5.60% PC Bonds due 2027 (MCND 2004)	-	-	-
30	4.25% PC Bonds due 2017 (BRA 2004B)	-	-	-
31	4.11% GMB due 2025	300,000	161,538	6,639
32	CenterPoint Energy Transition Bond Company II, LLC			
33	5.09% Transition Bonds due 2014	-	-	-
34	5.17% Transition Bonds due 2017	282,318	368,264	19,039
35	5.302% Transition Bonds due 2019	462,000	462,000	24,495
36	CenterPoint Energy Transition Bond Company III, LLC			
37	4.192% Transition Bonds due 2017	31,428	61,385	2,573
38	5.234% Transition Bonds due 2020	187,045	187,045	9,790
39	CenterPoint Energy Transition Bond Company IV, LLC			
40	0.9012% Transition Bonds due 2017	229,037	268,193	2,417
41	2.1606% Transition Bonds due 2020	407,516	407,516	8,805

Long Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
42	3.0282% Transition Bonds due 2024	681,262	681,262	20,630
43	CenterPoint Energy Restoration Bond Company, LLC			
44	1.833% Restoration Bonds due 2015	(0)	9,346	171
45	3.46% Restoration Bonds due 2018	150,375	158,394	5,480
46	4.243% Restoration Bonds due 2022	279,919	279,919	11,877
47	SUBTOTAL	$ 9,641,078	$ 9,459,787	$ 402,983
48	UNAMORTIZED DEBT EXPENSE		(102,602)	16,504
49	TOTAL		$ 9,357,185	$ 419,487
50	Average Cost			4.43% (1)

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended December 31, 2015.

(1) $419,487 / $9,459,787

CenterPoint Energy Minnesota Gas

Schedule D-2(d)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Month	Outstanding End of Period	Interest Expense For Month
1	September 2015	$14,505	$17
2	October 2015	9,457	$11
3	November 2015	50,702	$59
4	December 2015	49,610	$58
5	January 2016	$0	$0
6	February 2016	$0	$0
7	March 2016	$0	$0
8	April 2016	$0	$0
9	May 2016	$552	$1
10	June 2016	$23,574	$38
11	July 2016	$36,467	$58
12	August 2016	$11,584	$18
13	September 2016	$24,833	$40
14	TOTAL	$221,284	$299
15	13 Month Average	$17,022	$23
16	Average Cost		1.62% 1/

1/ ($23 / 17,022) x 12

CenterPoint Energy Resources Corp.

Schedule D-2(d)(1)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Month	Outstanding at End of Period	Average Rate at Month-End	Weighted Interest (1)
1	September 2015	$ 52,670	5.875%	$ 258
2	October 2015	$ 52,670	5.875%	258
3	November 2015	$ 52,670	5.875%	258
4	December 2015	$ 52,670	5.875%	258
5	January 2016	$ 52,670	5.875%	258
6	February 2016	$ 52,670	5.875%	258
7	March 2016	$ 52,670	5.875%	258
8	April 2016	$ 52,670	5.875%	258
9	May 2016	$ 52,670	5.875%	258
10	June 2016	$ 52,670	5.875%	258
11	July 2016	$ 52,670	5.875%	258
12	August 2016	$ 52,670	5.875%	258
13	September 2016	$ 52,670	5.875%	258
14	TOTAL	$ 684,710		$ 3,352
15	13 Month Average	$ 52,670		$ 258
16	Average Cost			5.88% /1/

/1/ ($258 / $52,670) x 12

CenterPoint Energy, Inc.

Schedule D-2(d)(2)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Month		Outstanding at End of Period	Average Rate at Month-End		Weighted Interest
1	September 2015	$	52,670	5.875%	$	258
2	October 2015	$	52,670	5.875%		258
3	November 2015	$	52,670	5.875%		258
4	December 2015	$	52,670	5.875%		258
5	January 2016	$	52,670	5.875%		258
6	February 2016	$	52,670	5.875%		258
7	March 2016	$	52,670	5.875%		258
8	April 2016	$	52,670	5.875%		258
9	May 2016	$	52,670	5.875%		258
10	June 2016	$	52,670	5.875%		258
11	July 2016	$	52,670	5.875%		258
12	August 2016	$	52,670	5.875%		258
13	September 2016	$	52,670	5.875%		258
14	TOTAL	$	684,710		$	3,352
15	13 Month Average	$	52,670		$	258
16	Average Cost					5.88% (1)

(1) ($258 / $52,670) x 12

CenterPoint Energy Minnesota Gas

Schedule D-2(e)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Month	Outstanding End of Period	Interest Expense For Month
1	December 2013	$29,852	$10
2	January 2014	$20,933	$12
3	February 2014	$25,875	$14
4	March 2014	$53,116	$29
5	April 2014	$47,676	$26
6	May 2014	$25,700	$14
7	June 2014	$22,376	$12
8	July 2014	$49,371	$27
9	August 2014	$87,060	$48
10	September 2014	$96,310	$53
11	October 2014	$101,652	$56
12	November 2014	$135,529	$75
13	December 2014	$67,295	$37
14	TOTAL	762,745	413
15	13 Month Average	$58,673	$32
16	Average Cost		0.65%

CenterPoint Energy Resources Corp.

Schedule D-2(e)(1)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Month	Outstanding at End of Period	Average Rate at Month-End	Weighted Interest
1	December 2013	$ 42,510	5.875%	$ 208
2	January 2014	$ 19,840	5.875%	97
3	February 2014	$ 7,690	5.875%	38
4	March 2014	$ -	5.875%	0
5	April 2014	$ 13,787	5.875%	67
6	May 2014	$ 28,644	5.875%	140
7	June 2014	$ 42,487	5.875%	208
8	July 2014	$ 56,513	5.875%	277
9	August 2014	$ 68,401	5.875%	335
10	September 2014	$ 80,329	5.875%	393
11	October 2014	$ 92,405	5.875%	452
12	November 2014	$ 75,749	5.875%	371
13	December 2014	$ 52,670	5.875%	258
14	TOTAL	$ 581,025		$ 2,844
15	13 Month Average	$ 44,694		$ 219
16	Average Cost			5.88% (1)

(1) ($219 / $44,694) x 12

(2) Includes asset management agreements. Borrowings related to asset management agreements are sales of inventory with repurchase obligations, which GAAP requires be treated as debt.

CenterPoint Energy, Inc.

Schedule D-2(e)(2)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Month	Outstanding at End of Period	Average Rate at Month-End	Weighted Interest
1	December 2013	$ 42,510	5.875%	$ 208
2	January 2014	$ 19,840	5.875%	$ 97
3	February 2014	$ 7,690	5.875%	$ 38
4	March 2014	$ -	5.875%	$ -
5	April 2014	$ 13,787	5.875%	$ 67
6	May 2014	$ 28,644	5.875%	$ 140
7	June 2014	$ 42,487	5.875%	$ 208
8	July 2014	$ 56,513	5.875%	$ 277
9	August 2014	$ 68,401	5.875%	$ 335
10	September 2014	$ 80,329	5.875%	$ 393
11	October 2014	$ 92,405	5.875%	$ 452
12	November 2014	$ 75,749	5.875%	$ 371
13	December 2014	$ 52,670	5.875%	$ 258
14	TOTAL	$ 581,025		$ 2,844
15	13 Month Average	$ 44,694		$ 219
16	Average Cost			5.88% (1)

(1) ($219 / $44,694) x 12

(2) All short term borrowings relate to asset management agreements. Borrowings are sales of inventory with repurchase obligations, which GAAP requires be treated as debt.

(3) The interest rate used for the asset management agreements is that used by Treasury on the CERC Average Cost of Total Debt

CenterPoint Energy Minnesota Gas

Schedule D-2(f)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Month	Outstanding End of Period	Interest Expense For Month
1	December 2014	$67,295	$37
2	January 2015	$66,182	77
3	February 2015	$27,098	32
4	March 2015	$0	-
5	April 2015	$0	-
6	May 2015	$0	-
7	June 2015	$0	-
8	July 2015	$0	-
9	August 2015	$0	-
10	September 2015	$14,505	17
11	October 2015	$9,457	11
12	November 2015	$50,702	59
13	December 2015	$49,610	58
14	TOTAL	$284,849	$291
15	13 Month Average	$21,911	$22
16	Average Cost		1.23% 1/

/1/ ($22 / $21,911) x 12

CenterPoint Energy Resources Corp.

Schedule D-2(f)(1)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Month	Outstanding at End of Period	Average Rate at Month-End	Weighted Interest
1	December 2014	$52,670	5.875%	$ 258
2	January 2015	$52,670	5.875%	258
3	February 2015	$52,670	5.875%	258
4	March 2015	$52,670	5.875%	258
5	April 2015	$52,670	5.875%	258
6	May 2015	$52,670	5.875%	258
7	June 2015	$52,670	5.875%	258
8	July 2015	$52,670	5.875%	258
9	August 2015	$52,670	5.875%	258
10	September 2015	$52,670	5.875%	258
11	October 2015	$52,670	5.875%	258
12	November 2015	$52,670	5.875%	258
13	December 2015	$52,670	5.875%	258
14	TOTAL	$ 684,710		$ 3,352
15	13 Month Average	$ 52,670		$ 258
16	Average Cost			5.88% (1)

(1) ($258 / $52,670) x 12

CenterPoint Energy, Inc.

Schedule D-2(f)(2)
Information Requirement
Minn. R. 7825.4200(C)

Short Term Debt Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Month	Outstanding at End of Period	Average Rate at Month-End	Weighted Interest
1	December 2014	$ 52,670	5.875%	$ 258
2	January 2015	$ 52,670	5.875%	258
3	February 2015	$ 52,670	5.875%	258
4	March 2015	$ 52,670	5.875%	258
5	April 2015	$ 52,670	5.875%	258
6	May 2015	$ 52,670	5.875%	258
7	June 2015	$ 52,670	5.875%	258
8	July 2015	$ 52,670	5.875%	258
9	August 2015	$ 52,670	5.875%	258
10	September 2015	$ 52,670	5.875%	258
11	October 2015	$ 52,670	5.875%	258
12	November 2015	$ 52,670	5.875%	258
13	December 2015	$ 52,670	5.875%	258
14	TOTAL	$ 684,710		$ 3,352
15	13 Month Average	$ 52,670		$ 258
16	Average Cost			5.88% (1)

(1) ($258 / $52,670) x 12

CenterPoint Energy Resources Corp.

Schedule D-2(g)(1)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	N/A		-	-
2	SUBTOTAL	$ -	$ -	$ -
3	UNAMORTIZED ISSUANCE EXPENSE		-	-
4	TOTAL		$ -	$ -
5	Average Cost			#DIV/0!

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended September 30, 2016.

CenterPoint Energy, Inc.

Schedule D-2(g)(2)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Outstanding at End of Period	Average Outstanding	Interest
1	CenterPoint Energy, Inc.			
2	N/A		-	-
3	SUBTOTAL	$ -	$ -	$ -
4	UNAMORTIZED ISSUANCE EXPENSE		-	-
5	TOTAL		$ -	$ -
6	Average Cost			#DIV/0!

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended September 30, 2016.

CenterPoint Energy Resources Corp.

Schedule D-2(h)(1)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	NA	-	0	0
2	SUBTOTAL	$ -	$ -	$ -
3	UNAMORTIZED ISSUANCE EXPENSE		-	0
4	TOTAL		$ -	$ -
5	Average Cost			0.00%

Note: "Average Outstanding" is calculated by averaging the amounts outstanding as of the end of each month during the thirteen months ended December 31, 2014.

CenterPoint Energy, Inc.

Schedule D-2(h)(2)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Actual Unadjusted Most Recent Fiscal Year - 2014
($000s)

Line No.	Description	Outstanding at End of Period	Average Outstanding	Interest
1	CenterPoint Energy, Inc.			
2	NA	-	0	0
3	SUBTOTAL	$ -	$ -	$ -
4	UNAMORTIZED ISSUANCE EXPENSE		-	0
5	TOTAL		$ -	$ -
6	Average Cost			0.00%

Note: "Average Outstanding" is calculated by averaging the amounts outstanding as of the end of each month during the thirteen months ended December 31, 2014.

CenterPoint Energy Resources Corp.

Schedule D-2(i)(1)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding End of Period	Average Outstanding	Interest
1	N/A	-	-	-
2	SUBTOTAL	$ -	$ -	$ -
3	UNAMORTIZED ISSUANCE EXPENSE		-	-
4	TOTAL		$ -	$ -
5	Average Cost			#DIV/0!

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended December 31, 2015.

CenterPoint Energy, Inc.

Schedule D-2(i)(2)
Information Requirement
Minn. R. 7825.4200(C)

Trust Preferred Securities Balances and Cost
Unadjusted Projected Fiscal Year - 2015
($000s)

Line No.	Description	Outstanding at End of Period	Average Outstanding	Interest
1	CenterPoint Energy, Inc.			
2	N/A	-	-	-
3	SUBTOTAL	$ -	$ -	$ -
4	UNAMORTIZED ISSUANCE EXPENSE		-	-
5	TOTAL		$ -	$ -
6	Average Cost			#DIV/0!

Note: "Average Outstanding" is calculated by averaging the amounts expected to be outstanding as of the end of each month during the thirteen months ended December 31, 2015.

E

Docket No. G-008/GR-15-424

CenterPoint Energy
Summary of Test Year Operating Revenues
Under Present and Proposed Rates

Line No.	Class	Total Test Year Revenue @ Present Rates	Total Proposed Revenue Responsibility	Proposed Increase (Decrease)	Percentage Change
	(a)	(b)	(c)	(d)	(e)
1	Residential	$519,527,639	$564,422,988	$44,895,349	8.6%
2	Comm Firm A	$17,896,995	$20,937,422	$3,040,427	17.0%
3	Comm/Ind Firm B	$37,755,087	$40,186,768	$2,431,682	6.4%
4	Comm/Ind Firm C	$170,293,854	$170,440,826	$146,973	0.1%
5	Large General Firm Sales and Transport	$9,984,489	$10,008,015	$23,526	0.2%
6	Small Dual Fuel A - Sales Service	$36,707,005	$36,782,561	$75,556	0.2%
7	Small Dual Fuel A - Transport	$1,912,681	$1,926,676	$13,995	0.7%
8	Small Dual Fuel B - Sales Service	$21,114,426	$21,159,211	$44,784	0.2%
9	Small Dual Fuel B - Transport	$1,798,870	$1,814,310	$15,440	0.9%
10	Large Volume - Dual Fuel Sales Service	$17,220,200	$17,977,131	$756,931	4.4%
11	Large Volume - Dual Fuel Transport	$12,645,766	$15,306,299	$2,660,532	21.0%
12					
13					
14	TOTAL	$846,857,012	$900,962,207	$54,105,195	6.4%

Schedule E-1(b)
Information Requirement
Minn. R.7825.4300(A)

Docket No. G-008/GR-15-424
CENTERPOINT ENERGY
SUMMARY CALCULATION of TOTAL PRESENT and FINAL REVENUE

Line No.	Class of Service	Total Test Year Revenue @ Present Rates	Late Payment/ Other Revenue 2/	Present Billing Rate Revenue	Proposed Billing Rate Revenue Increase (Decrease)	Proposed Billing Rate Revenue	Late Payment/ Other Revenue	Total Proposed Revenue Responsibility
	(a)	(b)=(c)+(d)	(c)	(d) 1/	(e) 1/	(f)=(d)+(e) 1/	(g)	(h)=(f)+(g)
1	Residential	$522,620,244	$3,092,605	$519,527,639	$44,895,349	$564,422,988	$3,092,605	$567,515,593
2	Comm Firm A	$18,057,544	160,549	$17,896,995	$3,040,427	$20,937,422	$160,549	21,097,971
3	Comm/Ind Firm B	$37,925,020	169,933	$37,755,087	$2,431,682	$40,186,768	$169,933	40,356,701
4	Comm/Ind Firm C	$170,771,567	477,713	$170,293,854	$146,973	$170,440,826	$477,713	170,918,539
5	Large General Firm Sales and Transport	$10,089,028	104,539	$9,984,489	$23,526	$10,008,015	$104,539	10,112,554
6	Small Dual Fuel A - Sales Service	$36,759,844	52,839	$36,707,005	$75,556	$36,782,561	$52,839	36,835,400
7	Small Dual Fuel A - Transport	$1,935,510	22,829	$1,912,681	$13,995	$1,926,676	$22,829	1,949,505
8	Small Dual Fuel B - Sales Service	$21,154,888	40,462	$21,114,426	$44,784	$21,159,211	$40,462	21,199,673
9	Small Dual Fuel B - Transport	$1,807,021	8,151	$1,798,870	$15,440	$1,814,310	$8,151	1,822,461
10	Large Volume - Dual Fuel Sales Service	$17,227,716	7,516	$17,220,200	$756,931	$17,977,131	$7,516	17,984,647
11	Large Volume - Dual Fuel Transport	$12,833,453	187,687	$12,645,766	$2,660,532	$15,306,299	$187,687	15,493,986
12								
13	TOTAL	$851,181,835	$4,324,823	$846,857,012	$54,105,195	$900,962,207	$4,324,823	$905,287,030

1/ See Schedule E-2 for detailed calculations showing all billing determinants.
Minor rounding differences occur.

2 / See CCOSS model - WP 1 - CARD in Testimony of Matt Troxle, page 36

(a)	(b) Rate Class	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k) Increase Including CIP/GAP
				Present Rates			Proposed Rates		Revenue Change	
	Residential		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
1		Customer Bills	9,267,681	$9.5000	$88,042,970	Customer Bills	$11.75	$108,895,252	20,852,282	
2		Total Sales	70,137,300	$6.1520	$431,484,670	Total Sales	$6.4948	$455,527,736	24,043,066	
3		Total Revenue			$519,527,639	Total Revenue		$564,422,988	44,895,349	8.6%
4										
5		Demand	70,137,300	$0.7646	$53,626,980	Demand	$0.7646	$53,626,980	0	
6		Commodity	70,137,300	$3.4897	$244,758,136	Commodity	$3.4897	$244,758,136	0	
7		**Cost of Gas**	**70,137,300**	$4.2543	**$298,385,115**	**Cost of Gas**	$4.2543	$298,385,115	**0**	
8		Delivery Chrg B4 CIP	70,137,300	$1.6609	$116,491,042	Delivery Chrg B4 CIP	$1.9985	$140,169,394	23,678,352	
9		CCRC	70,137,300	$0.1849	$12,968,387	CCRC	$0.1950	$13,676,774	708,387	
10		**Delivery Charge Total**	**70,137,300**	**$1.8458**	**$129,459,428**	**Delivery Charge Total**	**$2.1935**	$153,846,168	**24,386,739**	
11		GAP	70,137,300	$0.0519	$3,640,126	GAP	$0.0470	$3,296,453	(343,673)	
12		**Total Billing Rate**	**70,137,300**	**$6.1520**	**$431,484,670**	**Total Billing Rate**	**$6.4948**	$455,527,736	24,043,066	
13										
14										

(a)	(b) Rate Class	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k) Increase Including CIP/GAP
15				Present Rates			Proposed Rates		Revenue Change	
16	Com A		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
17		Customer Bills	347,537	$15.0000	$5,213,055	Customer Bills	$17.2500	$5,995,013	781,958	
18		Total Sales	2,213,100	$5.7313	$12,683,940	Total Sales	$6.7518	$14,942,409	2,258,469	
19		Total Revenue			$17,896,995	Total Revenue		$20,937,422	3,040,427	17.0%
20										
21		Demand	2,213,100	$0.7646	$1,692,136	Demand	$0.7646	$1,692,136	0	
22		Commodity	2,213,100	$3.5019	$7,750,055	Commodity	$3.5019	$7,750,055	0	
23		**Cost of Gas**	**2,213,100**	$4.2665	**$9,442,191**	**Cost of Gas**	$4.2665	$9,442,191	0	
24		Delivery Chrg B4 CIP	2,213,100	$1.2280	$2,717,687	Delivery Chrg B4 CIP	$2.2433	$4,964,647	2,246,960	
25		CCRC	2,213,100	$0.1849	$409,202	CCRC	$0.1950	$431,555	22,352	
26		**Delivery Charge Total**	**2,213,100**	**$1.4129**	**$3,126,889**	**Delivery Charge Total**	**$2.4383**	$5,396,202	2,269,313	
27		GAP	2,213,100	$0.0519	$114,860	GAP	$0.0470	$104,016	(10,844)	
28		**Total Billing Rate**	**2,213,100**	**$5.7313**	**$12,683,940**	**Total Billing Rate**	**$6.7518**	$14,942,409	2,258,469	

	Rate Class									Increase Including CIP/GAP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
				Present Rates			Proposed Rates		Revenue Change	
	Comm/Ind B		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
1		Customer Bills	235,223	$21.0000	$4,939,683	Customer Bills	$26.2500	$6,174,604	1,234,921	
2		Total Sales	5,806,700	$5.6513	$32,815,404	Total Sales	$5.8574	$34,012,165	1,196,761	
3		Total Revenue			$37,755,087	Total Revenue		$40,186,768	2,431,682	6.4%
4										
5		Demand	5,806,700	$0.7646	$4,439,803	Demand	$0.7646	$4,439,803	0	
6		Commodity	5,806,700	$3.5019	$20,334,483	Commodity	$3.5019	$20,334,483	0	
7		**Cost of Gas**	**5,806,700**	$4.2665	**$24,774,286**	**Cost of Gas**	$4.2665	$24,774,286	0	
8		Delivery Chrg B4 CIP	5,806,700	$1.1480	$6,666,092	Delivery Chrg B4 CIP	$1.3489	$7,832,658	1,166,566	
9		CCRC	5,806,700	$0.1849	$1,073,659	CCRC	$0.1950	$1,132,307	58,648	
10		**Delivery Charge Total**	**5,806,700**	**$1.3329**	**$7,739,750**	**Delivery Charge Total**	**$1.5439**	$8,964,964	1,225,214	
11		GAP	5,806,700	$0.0519	$301,368	GAP	$0.0470	$272,915	(28,453)	
12		**Total Billing Rate**	**5,806,700**	**$5.6513**	**$32,815,404**	**Total Billing Rate**	**$5.8574**	$34,012,165	1,196,761	
13										
14										
15				Present Rates			Proposed Rates		Revenue Change	
16	Comm/Ind C		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
17		Customer Bills	225,399	$43.0000	$9,692,153	Customer Bills	$43.0000	$9,692,153	0	
18		Total Sales	28,264,000	$5.6822	$160,601,701	Total Sales	$5.6874	$160,748,674	146,973	
19		Total Revenue			$170,293,854	Total Revenue		$170,440,826	146,973	0.1%
20										
21		Demand	28,264,000	$0.7646	$21,610,654	Demand	$0.7646	$21,610,654	0	
22		Commodity	28,264,000	$3.4688	$98,042,163	Commodity	$3.4688	$98,042,163	0	
23		**Cost of Gas**	**28,264,000**	$4.2334	**$119,652,818**	**Cost of Gas**	$4.2334	$119,652,818	0	
24		Delivery Chrg B4 CIP	28,264,000	$1.2120	$34,255,968	Delivery Chrg B4 CIP	$1.2120	$34,255,968	0	
25		CCRC	28,264,000	$0.1849	$5,226,014	CCRC	$0.1950	$5,511,480	285,466	
26		**Delivery Charge Total**	**28,264,000**	**$1.3969**	**$39,481,982**	**Delivery Charge Total**	**$1.4070**	$39,767,448	285,466	
27		GAP	28,264,000	$0.0519	$1,466,902	GAP	$0.0470	$1,328,408	(138,494)	
28		**Total Billing Rate**	**28,264,000**	**$5.6822**	**$160,601,701**	**Total Billing Rate**	**$5.6874**	$160,748,674	146,973	
29										
30				Present Rates			Proposed Rates		Revenue Change	
31	Total Commercial / Industrial - Firm		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
32										
33		Customer Bills	808,159		$19,844,891	Customer Bills		$21,861,770	2,016,879	
34		Total Sales	36,283,800		$206,101,045	Total Sales		$209,703,247	3,602,202	
35		Total Revenue			$225,945,935	Total Revenue		$231,565,016	5,619,081	
36										
37										
38				Present Rates			Proposed Rates		Revenue Change	
39	**Total Large Volume Firm**		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
40		Customer Bills	60	800	$52,800 *	Customer Bills		$58,800 *	6,000	
41	Sales Service + Transport	Total Sales	13,958,200	3.9737	$1,358,539 *	Total Sales		$1,376,065 *	17,526	
42		Demand/ Min Volumes/MR		4.2539	$8,573,150 *	Demand Delivery		$8,573,150 *	0	
43		CIP Exempt Volumes	12,903,000			CIP Exempt Volumes				
44		Total Revenue			$9,984,489	Total Revenue		$10,008,015	23,526	0.2%

	Rate Class									Increase Including CIP/GAP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
				Present Rates			Proposed Rates		Revenue Change	
	SVDF A--Sales Service		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
1		Customer Bills	21,032	$50.00	$1,051,583	Customer Bills	$50.0000	$1,051,583	0	
2		Total Sales	7,480,800	$4.7468	$35,509,861	Total Sales	$4.7569	$35,585,418	75,556	
3		Demand/ Min Volumes/MR			$145,560 *	MR Revenue		$145,560	0	
4		Total Revenue			$36,707,005	Total Revenue		$36,782,561	75,556	0.2%
5										
6		Demand	7,480,800	$0.0000	$0	Demand	$0.0000	$0	0	
7		Commodity	7,480,800	$3.6059	$26,975,017	Commodity	$3.6059	$26,975,017	0	
8		**Cost of Gas**	**7,480,800**	$3.6059	**$26,975,017**	**Cost of Gas**	$3.6059	$26,975,017	0	
9		Delivery Chrg B4 CIP	7,480,800	$0.9560	$7,151,645	Delivery Chrg B4 CIP	$0.9560	$7,151,645	0	
10		CCRC	7,480,800	$0.1849	$1,383,200	CCRC	$0.1950	$1,458,756	75,556	
11		**Delivery Charge Total**	**7,480,800**	**$1.1409**	**$8,534,845**	**Delivery Charge Total**	**$1.1510**	$8,610,401	75,556	
12		GAP	0	$0.0000	$0	GAP	$0.0000	$0	0	
13		**Total Billing Rate**	**7,480,800**	**$4.7468**	**$35,509,861**	**Total Billing Rate**	**$4.7569**	$35,585,418	75,556	
14										
15										
16										
17				Present Rates			Proposed Rates		Revenue Change	
18	SVDF A--Transport		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
19		Customer Bills	2,212	$150.00	$331,850	Customer Bills	$150.0000	$331,850	0	
20		Total Sales	1,385,600	$1.1409	$1,580,831	Total Sales	$1.1510	$1,594,826	13,995	
21		Demand/ Min Volumes/MR			$0 *	MR Revenue		$0	0	
22		Total Revenue			$1,912,681	Total Revenue		$1,926,676	13,995	0.7%
23										
24		Demand	1,385,600	$0.0000	$0	Demand	$0.0000	$0	0	
25		Commodity	1,385,600	$0.0000	$0	Commodity	$0.0000	$0	0	
26		**Cost of Gas**	1,385,600	$0.0000	**$0**	**Cost of Gas**	$0.0000	$0	0	
27		Delivery Chrg B4 CIP	1,385,600	$0.9560	$1,324,634	Delivery Chrg B4 CIP	$0.9560	$1,324,634	0	
28		CCRC	1,385,600	$0.1849	$256,197	CCRC	$0.1950	$270,192	13,995	
29		**Delivery Charge Total**	1,385,600	**$1.1409**	**$1,580,831**	**Delivery Charge Total**	**$1.1510**	$1,594,826	13,995	
30		GAP	0	$0.0000	$0	GAP	$0.0000	$0	0	
31		Total Billing Rate	1,385,600	**$1.1409**	**$1,580,831**	Total Billing Rate	**$1.1510**	$1,594,826	13,995	
32										
33										
34				Present Rates			Proposed Rates		Revenue Change	
35	**SVDF A--Sales Service + Transport**		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
36		Customer Bills	23,244		1,383,433 *	Customer Bills		1,383,433	0	
37		Total Sales	8,866,400		37,090,692 *	Total Sales		37,180,243	89,551	
38		Demand/ Min Volumes/MR			145,560 *	MR Revenue		145,560	0	
39		Total Revenue			$38,619,686	Total Revenue		$38,709,236	89,551	0.2%

(a)	**Rate Class** (b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	Increase Including CIP/GAP (k)
				Present Rates			Proposed Rates		Revenue Change	
	SVDF B--Sales Service		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
1		Customer Bills	3,711	$80.00	$296,880	Customer Bills	$80.0000	$296,880	0	
2		Total Sales	4,434,100	$4.6756	$20,732,078	Total Sales	$4.6857	$20,776,862	44,784	
3		Demand/ Min Volumes/MR			$85,468 *			$85,468	0	
4		Curtailment	0	$4.6756	$0 *	Curtailment	$4.6857	$0	0	
5		Total Revenue			$21,114,426	Total Revenue		$21,159,211	44,784	0.2%
6										
7		Demand	4,434,100	$0.0000	$0	Demand	$0.0000	$0	0	
8		Commodity	4,434,100	$3.6059	$15,988,921	Commodity	$3.6059	$15,988,921	0	
9		**Cost of Gas**	4,434,100	$3.6059	**$15,988,921**	**Cost of Gas**	$3.6059	$15,988,921	0	
10		Delivery Chrg B4 CIP	4,434,100	$0.8848	$3,923,292	Delivery Chrg B4 CIP	$0.8848	$3,923,292	0	
11		CCRC	4,434,100	$0.1849	$819,865	CCRC	$0.1950	$864,650	44,784	
12		**Delivery Charge Total**	4,434,100	**$1.0697**	**$4,743,157**	**Delivery Charge Total**	**$1.0798**	$4,787,941	44,784	
13		GAP	0	$0.0000	$0	GAP	$0.0000	$0	0	
14		Total Billing Rate	4,434,100	**$4.6756**	**$20,732,078**	Total Billing Rate	**$4.6857**	$20,776,862	44,784	
15										
16										
17				Present Rates			Proposed Rates		Revenue Change	
18	Total SVDF B--Transport		Test-Year Units	Present Rates	Test-Year Revenues	Customer Bills	Proposed Rates	Proposed Revenue		
19		Customer Bills	909	$180.00	$163,620	Total Sales	$180.00	$163,620	0	
20		Total Sales	1,528,700	$1.0697	$1,635,250	Total Revenue	$1.0798	$1,650,690	15,440	
21		Demand/ Min Volumes/MR			$0 *			$0	0	
22		Curtailment	0		$0 *			$0		
23		Total Revenue			$1,798,870			$1,814,310	15,440	0.9%
24										
25		Demand	1,528,700	$0.0000	$0	Demand	$0.0000	$0	0	
26		Commodity	1,528,700	$0.0000	$0	Commodity	$0.0000	$0	0	
27		**Cost of Gas**	1,528,700	$0.0000	**$0**	**Cost of Gas**	$0.0000	$0	0	
28		Delivery Chrg B4 CIP	1,528,700	$0.8848	$1,352,594	Delivery Chrg B4 CIP	$0.8848	$1,352,594	0	
29		CCRC	1,528,700	$0.1849	$282,657	CCRC	$0.1950	$298,097	15,440	
30		**Delivery Charge Total**	1,528,700	**$1.0697**	**$1,635,250**	**Delivery Charge Total**	**$1.0798**	$1,650,690	15,440	
31		GAP	0	$0.0000	$0	GAP	$0.0000	$0	0	
32		**Total Billing Rate**	1,528,700	**$1.0697**	**$1,635,250**	**Total Billing Rate**	**$1.0798**	$1,650,690	15,440	
33										
34				Present Rates			Proposed Rates		Revenue Change	
35	**SVDF B--Sales Service + Transport**		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
36		Customer Bills	4,620		$460,500	Customer Bills		$460,500	0	
37		Total Sales	5,962,800		$22,367,328	Total Sales		$22,427,553	60,224	
38		Demand/ Min Volumes/MR			$85,468	MR Revenue		$85,468	0	
39		Total Revenue			$22,913,297	Total Revenue		$22,973,521	60,224	0.3%
40										

	Rate Class									Increase Including CIP/GAP
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
				Present Rates				Proposed Rates		
1	Total Large Volume DF		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue	Revenue Change	
2	Sales Service, incl. Market Rate	Customer Bills	996	$800.00	$796,800 *	Customer Bills		$896,400	99,600	
3		Total Sales	4,259,000	$3.9218	$16,605,500 *	Total Sales		$17,270,904	665,404	
4		Demand/ Min Volumes/MR			$16,422 *	Minimum Volume		$16,422	0	
5		CIP Exempt Volumes	0			CIP Exempt Volumes				
6		Curtailment	(50,900)	$3.9218	($198,522) *	Curtailment		($206,595)	(8,073)	
7		Total Revenue			$17,220,200	Total Revenue		$17,977,131	756,931	4.4%
8										
9										
10				Present Rates				Proposed Rates	Revenue Change	
11	Total Large Volume DF Transport		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue	Revenue Change	
12		Customer Bills	1,872	$900.00	$1,684,800 *	Customer Bills		$1,872,000	187,200	
13		Total Sales	34,010,800	$0.5034	$10,937,145 *	Minimum Volume		$13,439,393	2,502,248	
14	(DF Transport + MR Transport)	CIP Exempt Volumes	16,459,500			CIP Exempt Volumes			0	
15		Demand/ Min Volumes/MR			$174,984 *			$174,984	0	
16		Curtailment	(367,600)	$0.5034	($151,163) *			($180,078)	(28,915)	
17		Total Revenue			$12,645,766	Total Revenue		$15,306,299	2,660,532	21.0%
18										
19				Present Rates				Proposed Rates	Revenue Change	
20	**Total Company Revenue Results**		Test-Year Units	Present Rates	Test-Year Revenues		Proposed Rates	Proposed Revenue		
21		**Customer Bills**	**10,106,632**		**112,266,194**	**Customer Bills**		**135,428,155**	**23,161,961**	
22		**Total Thruput (B4 curtail)**	**173,478,300**		**725,944,919**	**Total Sales**		**756,925,141**	**30,980,222**	
23		**CIP Exempt Volumes**	**29,362,500**			**CIP Exempt Volumes**				
24		**Demand Del/Min. Vol/MR**			**$8,995,585**	**Demand Del/Min. Vol/MR**		**$8,995,585**	**0**	
25		Curtailment	**(418,500)**		**(349,685)**	Curtailment		**(386,673)**	**(36,988)**	
26		**Total Revenue**	**173,059,800**		**$846,857,012**	**Total Revenue**		**$900,962,207**	**54,105,195**	6.4%
27										
28		Demand (Firm Sales)	106,458,800		$81,383,716	Demand		$81,383,716	0	
29		Commodity (thruput aft curtail)	122,581,800		$428,362,617	Commodity		$428,362,617	0	
30		**Cost of Gas**			$509,746,333	**Cost of Gas**		$509,746,333	0	
31		Delivery Chrg B4 CIP	173,059,800		$183,754,058	Delivery Chrg B4 CIP		$213,767,597	30,013,539	
32		CCRC (Thruput less CIP exen	143,697,300		$26,569,631	CCRC		$28,020,974	1,451,343	
33		**Delivery Charge Total**			$210,323,689	**Delivery Charge Total**		$241,788,571	31,464,882	
34		GAP (Firm only)	**106,458,800**		$5,525,212	GAP		$5,003,564	(521,648)	
35		Total Revenue			$725,595,234	**Total Billing Rate**		$756,538,467	30,943,234	
36										
37										
38			Natural Gas Sales Service Revenue		$820,699,481			$872,099,633	51,400,151	6.3%
39			Transport Revenue		$26,157,531			$28,862,574	2,705,044	10.3%
40			Total Revenue		$846,857,012			$900,962,207	54,105,195	6.4%
41										
42			Net Margin Revenue 1/		$337,110,679			$391,215,874	54,105,195	16.0%
43										
44			Volumetric Margin Revenue 2/		$224,844,486			$255,787,719	30,943,234	13.8%
45										
46		1/ incl Basic, Delivery, CCRC, GAP and Demand/Min Vol								
47		2/ incl Delivery, CCRC, GAP and Demand/Min Vol. Does NOT include Basic Charge Revenue								
48		* - Detailed analysis of the split between full margin throughput and market rate throughput is considered "TRADE SECRET INFORMATION								
		and is provided in the NON-PUBLIC version of Mr. Kirk Nesvig's workpaper (KRN-WP, Vol 3, WP 62)								

Schedule E-3
Information Requirement
Minn. R. 7825.4300(C)

Docket No. G-008/GR-15-424

CenterPoint Energy
Class Cost of Service Study

Refer to the Testimony of Mr.Matthew A. Troxle relating to the Class Cost of Service Study

F

CenterPoint Energy Minnesota Gas

Schedule F-1
Information Requirement
Minn. R. 7825.4400(A)

Computation of Gross Revenue Conversion Factor
Minnesota Jurisdiction

Line No.	Description	Percent
1	Tax Rate on Incremental Taxable Income:	
2	State of Minnesota	9.80%
3	Federal (35% x (100% Less 9.8%))	31.57%
4	Total	41.37%
5	Operating Income Percent (100% Less Line 4)	58.63%
6	Gross Revenue Conversion Factor (1 Divided by line 5)	1.7056

G

Certifications

CenterPoint Energy has filed the CEO/CFO certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 to its annual report on Form 10-K. In addition, following its annual meeting in 2015, CenterPoint Energy submitted its CEO certification to the New York Stock Exchange pursuant to Section 303.A.12(a) of the NYSE's Listed Company's Manual.

BEYOND TODAY

OPERATE ~ SERVE ~ GROW

CenterPoint® Energy

2014 ANNUAL REPORT

LEADING

CONNECTING

INVESTING

GROWING

BEYOND TODAY

Our vision is to lead the nation in delivering energy, service and value. As we execute our Operate, Serve and Grow strategy, we are investing in infrastructure to enhance safety and reliability and meet future growth in our service territory.

At CenterPoint Energy, we are applying cutting-edge technology to further benefit our shareholders, customers, employees, the environment and communities we serve. We are creating new connections with our customers by providing them with personalized services and by anticipating their needs.

We are leading, connecting, investing and growing for beyond today.

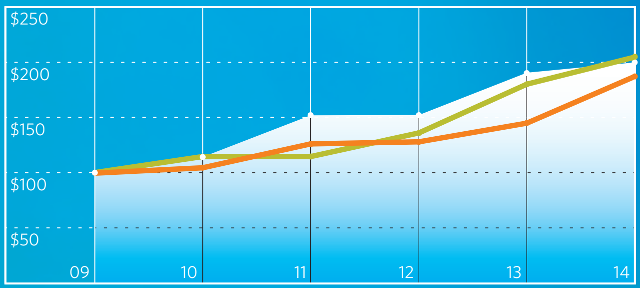
Financial Highlights

YEAR ENDED DECEMBER 31 IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	2012	2013	2014
Revenues	$ 7,452	$ 8,106	$ 9,226
Operating Income*	1,038	1,010	935
Net Income	417	311	611
Per Share of Common Stock			
Net Income, Basic	$ 0.98	$ 0.73	$ 1.42
Net Income, Diluted	0.97	0.72	1.42
Book Value – Year End	10.09	10.09	10.58
Share Value – Year End	19.25	23.18	23.43
Common Dividend Declared	0.81	0.83	0.95
Capitalization			
Transition and System Restoration Bonds (includes current portion)	$ 3,847	$ 3,400	$ 3,046
Other Long-term Debt (includes current portion)	5,910	4,914	5,758
Common Stock Equity	4,301	4,329	4,548
Total Capitalization (includes current portion)	14,058	12,643	13,352
Total Assets	22,871	21,870	23,200
Capital Expenditures	$ 1,188	$ 1,272	$ 1,402
Common Stock Outstanding (in thousands)	427,600	428,798	429,796
Number of Employees (in actual numbers)	8,720	8,591	8,540

* With the formation of Enable Midstream Partners in 2013, operating income for 2014 is not comparable with prior results.

Stock Performance

The line graph compares the cumulative total return on the common stock of CenterPoint Energy with the cumulative total return of the S&P 500 Index and the S&P 500 Utilities Index for the period commencing December 31, 2009, and ending December 31, 2014.



FIVE-YEAR CUMULATIVE TOTAL RETURN COMPARISON FOR THE FISCAL YEARS ENDED DECEMBER 31[(1)(2)]

- CenterPoint Energy
- S&P 500 Index
- S&P 500 Utilities Index

(1) Assumes that the value of the investment in the common stock and each index was $100 on December 31, 2009, and that all dividends were reinvested.

(2) Historical stock performance is not necessarily indicative of future stock performance.

Dear Shareholder,

Scott M. Prochazka
President & CEO

Milton Carroll
Executive Chairman

With a new leadership team, refreshed corporate vision and strategy, and successful IPO of Enable Midstream Partners, we took important steps in 2014 to set a new foundation for your company while delivering another year of strong business results.

Our diversified portfolio of businesses performed well last year, despite falling oil prices and volatile energy markets. Net income was $611 million dollars, or $1.42 per diluted share.

Excluding the effects of transition and system restoration bonds, core operating income from our electric and natural gas operations was $816 million, compared with $750 million in 2013. We continue to see strong growth in our service territory, adding more than 90,000 electric and natural gas customers last year. We also invested $1.4 billion to expand and improve the safety and reliability of our electric and natural gas delivery infrastructure.

Consistent with our intent to provide dividends representing 60–70 percent of our sustainable utility earnings and 90–100 percent of our net, after-tax distributions from Enable Midstream, we paid shareholders a dividend of $0.95 per share in 2014. In January 2015, we increased our quarterly dividend to $0.2475 per share – our tenth consecutive year of increases. This represents a 4.2 percent increase as well as a 19.3 percent raise since the creation of Enable Midstream. If annualized, this would equate to $0.99 per share.

STOCK PERFORMANCE TRAILED BUSINESS RESULTS

While we are proud of our strong financial performance, we recognize it wasn't fully realized in our total shareholder returns. Including stock price appreciation and annual dividends, CenterPoint Energy stock returned 5.2 percent last year. Though positive, our stock underperformed the S&P 500 Utilities Index and the broader market S&P 500 Index. However, over the last five years, our average, annualized total return of 14.8 percent has outperformed that of the S&P 500 Utilities Index by 1.5 percent.

We believe much of the recent underperformance in our stock price can be traced back to market uncertainty over falling oil prices and their impact on Enable Midstream. Trading as high as $27.46 and as low as $17.06, Enable Midstream's stock price had a swing of nearly 40 percent in 2014.

We believe strongly in the long-term value of our Enable Midstream investment. Enable Midstream has strategically located assets, significant fee-based business and experienced leadership. This investment is a strategic component of our business portfolio and has the potential to provide financial flexibility, growth opportunities and earnings diversification. We also believe investor confidence will grow as Enable builds its own track record of success over time.

BUSINESS SEGMENT RESULTS

We continue to see strong, organic growth in our electric and natural gas service territories. In our **electric transmission and distribution** business, which serves the greater Houston area, we added nearly 55,000 new metered customers, a growth rate of more than 2 percent, the highest in the last seven years. We also saw continued interest in right-of-way use from pipeline companies that need access to the Houston Ship Channel and Gulf Coast. We recorded $477 million in core operating income, a modest increase from $474 million a year ago.

We are implementing a robust, long-term capital plan, and are making significant investments to modernize our grid and meet future demand. In late 2014, the Electric Reliability Council of Texas endorsed the need for a new, 130-mile electric transmission line to ensure the Houston area continues to have a reliable power supply. We estimate we will invest $300 million to build our portion of this transmission line and expect to file for approval in April 2015 with the Public Utility Commission of Texas.

Additionally, we continue to build out our intelligent electric grid. In areas where our intelligent grid has been deployed, we've seen significant improvements in electric reliability. By using smart meters to automate routine service orders, we have reduced truck rolls, fuel expense and carbon emissions. We also continue to invest to support customer growth. Capital investment totaled $818 million in 2014, and we project that our capital plan will expand our rate base by 8 to 10 percent, compounded annually, over the next five years.

Our **natural gas** utilities had yet another record year. Utility operating income totaled $287 million, a 9 percent increase over our previous record set just last year. Favorable weather, $37 million in rate relief and nearly 36,000 new customers primarily in Texas and Minnesota were the key drivers of this performance. Our energy services business contributed an additional $52 million compared with $13 million in 2013. While $31 million of this increase was due to mark-to-market accounting, the remainder was driven by increased basis and storage spreads caused by last year's extreme weather.

In 2014, we invested $525 million of capital in our natural gas utilities to support growth, improve the safety and reliability of our systems, and to improve service to customers. We are also investing in new, advanced leak surveying systems and automated meter reading technologies. All told, our base capital plan is expected to grow our rate base by a compound, annual rate of 8 to 10 percent over the next five years.

PARTNERS WITH OUR COMMUNITIES

As proud as we are of our financial results, we're equally proud of the positive impact we have on our customers and communities we serve. We recognize that millions of people depend on us to safely and reliably deliver the energy they need to light their homes and fuel their businesses. In turn, these strong, vibrant and growing communities fuel our growth.

2014 Financial Results //

$611 million
NET INCOME

$935 million
OPERATING INCOME

$1.42
EARNINGS PER SHARE

5.2 percent
TOTAL SHAREHOLDER RETURN

In Minnesota, we've long supported energy efficiency through our conservation improvement programs. Over the last several years, we have introduced similar programs in Arkansas, Mississippi and Oklahoma. In mid-2015, we will begin a new pilot program in Minnesota to decouple our rates from the volume of natural gas consumed. Innovative rate designs further align our interests with those of our communities and support energy efficiency.

To promote a balance between environmental responsibility and reliable electric service, we collaborate with cities and local organizations to educate consumers about tree planting practices designed to minimize outages. In 2014, CenterPoint Energy donated more than 4,000 power line-friendly trees in the Houston region.

These actions, along with the 215,000 volunteer hours donated by our employees, have not gone unnoticed. It is because of this commitment that CenterPoint Energy was named to the Civic 50, an award that honors the nation's most civic-minded companies.

COMPLETING OUR LEADERSHIP TRANSITION

In March 2015, Gary Whitlock stepped down from his role as chief financial officer, and he will retire later this year. Gary's contributions were significant. He was instrumental in leading the divestiture of non-core assets, the monetization of our former generation assets, restructuring the company's balance sheet and creating Enable Midstream. With more than 40 years of corporate financial experience, he played a key role in developing and executing our finance and business strategies. We thank him and wish him the very best in retirement.

Succeeding Gary is William D. Rogers, a veteran with more than 20 years of experience, much of that in the utility industry. His industry knowledge and proven financial expertise make him a great fit for CenterPoint Energy. Bill's addition completes the transition in our executive leadership that began in 2014, and we're excited to have him as a member of our team.

BEYOND TODAY

Low commodity prices are pressuring producer activity, and Enable Midstream announced during its February 2015 earnings call that this will affect the growth rate of their future cash distributions. This, in turn, could affect CenterPoint Energy's dividend growth rate. However, in the long term, we believe U.S. demand for energy will support continued infrastructure investment by both our utilities and Enable Midstream.

We serve regions with some of the nation's strongest economic growth. So our strategy is simple: focus on operating safely, serving our growing customer base effectively and growing our businesses.

We are excited about the possibilities ahead of us. We thank you for your investment, and we will continue to work hard for you and the communities we serve.

MILTON CARROLL
Executive Chairman

SCOTT M. PROCHAZKA
President & CEO

Innovating for Beyond Today

While our core business – energy delivery – remains the same, many aspects of the way we go about it have evolved. Advances in technology are helping us operate our system more safely and efficiently, allowing us to shorten power outage duration and identify potential natural gas leaks before they can cause trouble.

Additionally, we're giving consumers more options than ever, and we're connecting with them in different ways. Customers have a multitude of methods for managing their natural gas bill, including average monthly billing, paying online and, in the future, using text-to-pay. We're proactively sharing information instead of waiting for customers to contact us about a problem. And when someone does call, with predictive technology, we're anticipating their needs and providing more immediate solutions.

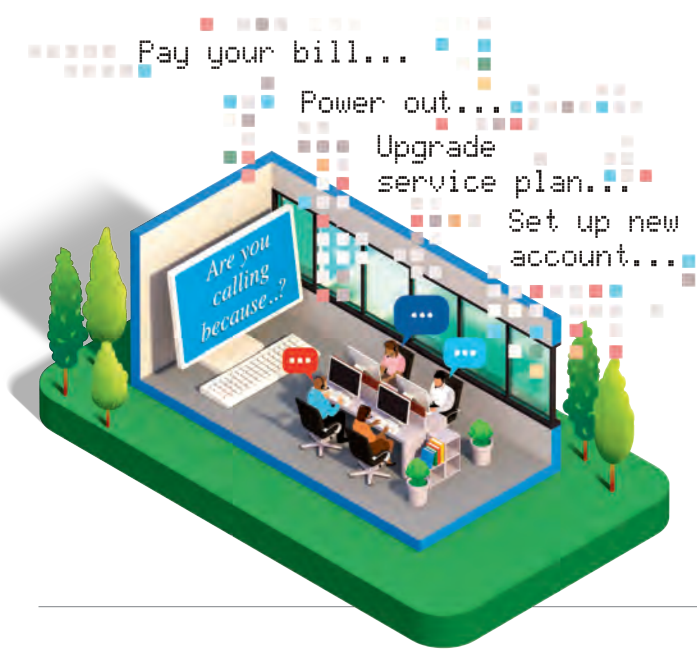
We're leading the way in adopting technology to better serve our customers and deliver energy more reliably.

Making the connection

Thanks to intelligent grid technology, customers enrolled in our Power Alert Service can get the latest information about outages in their area without ever contacting CenterPoint Energy. We notify customers about outages and estimated restoration times.

Investing in drive-by leak surveying technology

No longer is it necessary to be within a few feet of pipelines to check for gas leaks. This state-of-the-art, vehicle-mounted system is constantly collecting data, including the presence of methane, wind speed and direction, and GPS readings. The data is analyzed quickly and the location of a potential leak is identified.

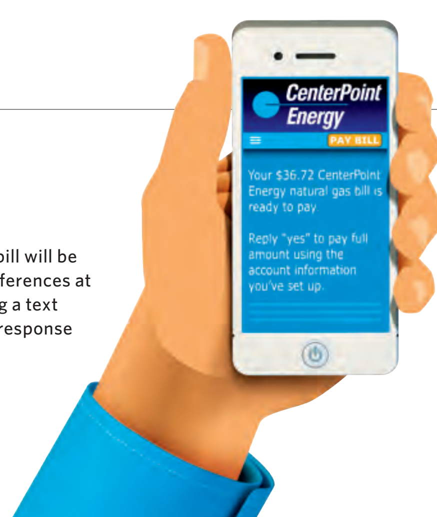


Anticipating customer needs

When customers call, we have a pretty good idea why before they even say a word. Our system verifies the caller's identity, quickly reviews data associated with the customer's account, and predicts the reason for the call. For example, if their bill is due, the automated attendant can ask if they would like to make a payment. This predictive technology expedites the transaction and makes it more personal, increasing customer satisfaction.

Paying by text

In the future, paying a CenterPoint Energy natural gas bill will be as easy as hitting "send." After setting up payment preferences at our website, customers will have the option of receiving a text message notifying them that their bill is due. A simple response via text is all they will have to do to make a payment.



ELECTRIC TRANSMISSION & DISTRIBUTION

Investing for Reliability and Growth

Tracy Bridge
President, Electric Division

"Our electric operations business is strategically investing in smart grid technology, giving our customers improved service reliability. As we modernize our grid, we're also modernizing the way we connect with customers. With our new Power Alert Service, customers can choose to receive proactive information about outages, including estimated restoration time, via phone, text or email. Receiving this information reduces the need for customers to call us, and it allows customers to make more informed decisions."

Our electric transmission and distribution business experienced a customer growth rate of 2.45 percent, the highest in the last seven years. Operating income was $477 million, excluding amounts related to transition and system restoration bonds. This compares with $474 million in 2013.

We continued to modernize our grid and deploy intelligent grid technology. Our advanced grid routes power around problem areas and provides more accurate information about outage locations. This also allows us to more efficiently dispatch repair crews. As a result, we've seen a nearly 30 percent improvement in reliability where we've installed intelligent grid technology and a 13 percent reliability improvement systemwide.

Additionally, smart meter technology has provided measurable efficiencies through automation of routine service orders. Since we began smart meter deployment in 2009, more than a million customer phone calls have been prevented, more than a million gallons of fuel have been saved and more than 9,000 tons of carbon emissions have been avoided.

In 2014, we added nearly 55,000 metered customers, and we invested a record $818 million in capital projects. We devoted a large portion of our capital spending to modernize grid infrastructure, meet increased customer demand and improve resiliency with ongoing construction of a backup operations center. We anticipate capital spending will be more than $900 million in 2015 and will remain at similar levels through 2019.

The Houston Import Project (our portion of which is known as the Brazos Valley Connection) is a 345 kV electric transmission line planned to deliver additional power supply into our service territory from other parts of Texas. The state grid operator endorsed the need for the 130-mile line by summer 2018 to ensure adequate electric supply in the Houston area. We plan to seek Public Utility Commission of Texas approval of our portion of the project in early 2015.

We're also serving customers better than ever. A prime example is our innovative Power Alert Service, which keeps our customers informed in the event of an outage. Enrolled customers receive a text message, email or phone call to let them know the power is out and when we expect it to be restored. Customers also receive a second message once the problem has been resolved. Already, more than 400,000 customers receive alerts through this free service.

Our leadership in the use of technology was recognized by SAP in two categories in 2014: Top Innovation for Customer Engagement and Utility of the Year, given to a utility demonstrating market presence, thought leadership, commitment to excellence and use of technology that serves as a model for the North American utility industry.

INVESTING TO MAKE CONNECTIONS

- A leader in implementing intelligent grid technology, we have prevented more than 100 million outage minutes since 2011.
- Power Alert Service is connecting consumers with our skilled linemen by providing outage restoration updates.
- Capital spending will support intelligent grid expansion, new transmission lines to import power and other investments for system growth, reliability and resiliency.
- Our service territory in the greater Houston area experienced growth of more than 2 percent.

NATURAL GAS OPERATIONS

Setting Record Financial and Customer Satisfaction Results

Joe McGoldrick
President, Natural Gas Division

"We are ensuring the safety and reliability of our system and building stronger connections with our customers by innovating beyond today. Our customers and the communities we serve are benefiting from our investments in advanced leak detection technology, pipeline replacement programs, automated meter reading and new self-service tools. For example, cutting-edge, highly sensitive surveying technology allows us to locate hard-to-find leaks with greater accuracy than before. And enhancements to our customer experience platforms are making it easier for our customers to do business with us and manage their accounts."

For the second consecutive year, our natural gas utilities set an operating income record. Thanks to favorable weather, sustained execution of our rate design strategy and continued expense management, operating income for the year was $287 million, following up 2013's record high of $263 million.

Our energy services business contributed an additional $52 million in operating income last year, compared with $13 million in 2013. This increase was primarily a result of mark-to-market gains, asset optimization and strong basis differentials. In addition, we captured margins that resulted from extreme and sustained cold weather in early 2014.

In our natural gas utilities, we added nearly 36,000 natural gas distribution customers, primarily in Texas and Minnesota. We were particularly successful in penetrating the multi-family market in Texas and have secured contracts that will continue that momentum in 2015.

We achieved more than $37 million of incremental rate relief in 2014 by continuing to execute our rate strategies that allow timely recovery of our investments. In Minnesota, we finalized and implemented the 2013 rate filing. We also filed annual recovery mechanisms and implemented the related rate changes in our Southern states. These rate adjustments not only contributed to our 2014 earnings, but also will allow us to continue investing in our system to meet customer growth and improve safety and reliability.

We are investing heavily in modernizing our system to deliver safe and reliable natural gas to our customers now and in the future. In 2014, we made $525 million in utility capital investments, nearly $100 million more than the previous year and our largest such expenditure to date. To support customer growth and enhance pipeline modernization, we constructed nearly 1,000 miles of main lines and installed nearly 88,000 service lines. This includes replacing hundreds of miles of steel, bare steel, plastic and cast iron pipe as part of our ongoing improvement programs. Capital spending will remain high for the foreseeable future, as we modernize infrastructure and invest in tools and technology.

After a successful pilot, we are investing in state-of-the-art, drive-by leak surveying technology, which is a thousand times more sensitive than current techniques. This new leak surveyor has the ability to distinguish between odorized gas in our distribution system and naturally occurring methane and more accurately identifies a potential leak location. When combined with traditional tools, it enhances the safety of our system.

Additionally, we expanded deployment of drive-by meter reading in the six states in which we operate and will complete the project in 2015. This technology allows us to read gas meters more accurately and efficiently without entering customers' yards, resulting in greater customer satisfaction.

We're giving customers more choices and personalized services. In 2014, we launched an enhanced automated phone system and new online self-service tools. This year, we will introduce a new website, and in the future, we plan to make further enhancements in how customers receive and pay natural gas bills.

We achieved our highest customer satisfaction ratings in phone surveys immediately following live and automated interactions with our call centers. For the fourth consecutive year, we were ranked among the top three U.S. investor-owned utilities in the American Customer Satisfaction Index. We also achieved first-quartile rankings in both the Midwest and South regions in the 2014 J.D. Power and Associates gas utility residential customer satisfaction study.

ACHIEVING EXCELLENCE

- We are taking the lead in using advanced leak detection tools.
- We're increasing customer satisfaction by using predictive analytics to anticipate customers' needs and offering more personalized automated phone and online self-service options.
- Our investment in drive-by meter reading allows us to increase efficiency and customer satisfaction.
- We're growing our infrastructure, constructing new mains and service lines as part of $525 million in capital investments in 2014.

MIDSTREAM INVESTMENTS

Pursuing Opportunities in a Competitive Market

ENABLE™
MIDSTREAM PARTNERS

CenterPoint Energy owns a 55.4 percent limited partner interest in Enable Midstream Partners, a publicly traded master limited partnership that we jointly control with OGE Energy Corp.

Enable Midstream owns, operates and develops strategically located natural gas and crude oil infrastructure assets. Assets include approximately:

- 11,900 miles of gathering pipelines
- 7,900 miles of interstate pipelines (including Southeast Supply Header, LLC of which the partnership owns 49.90 percent)
- 2,300 miles of intrastate pipelines
- 12 major processing plants with approximately 2.1 billion cubic feet per day of processing capacity
- Eight storage facilities comprising 87.5 billion cubic feet of storage capacity

We continued to realize the benefits of our midstream investments in 2014. Enable Midstream Partners performed well in their first full year of operations and delivered financial results in line with our expectations. As a result, CenterPoint Energy received $308 million in equity income. Despite a commodity price downturn in the second half of the year, we remain confident in the long-term success of this business.

Enable Midstream has high-quality assets, an investment grade balance sheet, experienced management and deep customer relationships. The company operates in four of the country's most prolific natural gas and crude oil producing basins. This includes the Bakken formation in North Dakota and the Anadarko basin in the Texas Panhandle and western Oklahoma. This blend allows Enable Midstream to capitalize on both dry- and wet-gas opportunities.

Further strengthening Enable Midstream's position is its high percentage of fixed-fee contracts. Approximately 72 percent of Enable Midstream's income is fee based, reducing direct exposure to commodity price fluctuations. Last year, the company secured additional commitments from some of the largest producers operating in a recently discovered oil field in the Anadarko basin. Growth plans include building a second crude processing system in the Bakken to capitalize on the company's knowledge and experience in that area.

With its diverse mix of assets that include gathering systems, processing plants, storage facilities and pipelines, we believe that Enable Midstream has the scale to compete in an increasingly competitive sector.

INVESTING CONFIDENTLY

Operating in some of the most prolific basins, Enable Midstream is a leader in its industry, with deep customer relationships, experienced management and a high percentage of fixed-fee contracts.

We remain confident in the long-term success of our investment in Enable Midstream.

COMMUNITY ENGAGEMENT

Connecting with our Communities

Opening New Paths

An agreement with the city of Houston will allow the creation of new hike and bike trails along nearly 400 miles of electric transmission corridors, opening urban green space for public use.

At CenterPoint Energy, we have a proud, rich tradition of improving our communities. We work hard to be active, engaged partners with the towns and cities we serve.

In Houston, we're working with the city to convert all 165,000 of its streetlights to more energy-efficient LED lights. We're also partnering with the city to construct hike and bike trails in and along CenterPoint Energy's rights-of-way.

In Arkansas, Minnesota, Mississippi, and Oklahoma, we awarded more than $14 million in rebates in 2014 for energy-efficient natural gas appliances through our conservation improvement programs.

In all of the communities we serve, we partner with the United Way. Together, the company and employees last year gave $2.8 million that will directly benefit local nonprofit organizations.

We recognize that education is one of the keys to creating a brighter future. We work with Junior Achievement to foster work-readiness, entrepreneurship and financial literacy skills. We also provide energy educational resources to teachers, and many of our employees volunteer in the classroom or mentor students.

To promote a balance between environmental responsibility and reliable electric service, we educate consumers about tree-planting practices to help minimize the number of outages caused by tree interference. In 2014, CenterPoint Energy donated more than 4,100 powerline-friendly trees in the Houston region.

Last year, our employees and retirees, along with friends and family, generously donated more than 215,000 hours of their time to worthy causes throughout our service territory. This volunteer service has an estimated value of $4.8 million, according to the Independent Sector organization.

In December 2014, CenterPoint Energy was named one of the nation's 50 most community- minded companies, and the top U.S. utility, by Points of Light in partnership with Bloomberg, LP. The Civic 50 award is a tremendous honor, one made possible by the extraordinary dedication of our employees and the constructive relationships we've built over the years with our regulators, local governments and community organizations.

THE CIVIC 50

Community Awards & Recognition

The Civic 50 (Utilities Sector Leader), Points of Light and Bloomberg
Junior Achievement Bronze Leadership Award
Public Service Award, National Weather Association
Supplier Diversity Award, D-Mars.com
Innovation Award, Keep Texas Beautiful
Summit/Volunteer Business of the Year, Junior Achievement – Arkansas
Statewide Volunteer of the Year award, Habitat for Humanity – Texas
Outstanding Community Volunteer, Boys and Girls Harbor Inc
Outstanding Sponsor Award, Memorial Blood Centers – Minnesota
2014 Champions for Children, Children's Defense Fund
Project of the Year Award, Houston Urban Forestry Council
JDRF 20 Yr Award, Juvenile Diabetes Research Foundation

Planting for Reliability

With our *Right Tree, Right Place* program, we educate consumers about tree-planting practices to enhance reliability by minimizing the number of outages caused by trees.

A Bright Partnership

When completed, the replacement of more than 165,000 streetlights with LED lights is estimated to save the city of Houston approximately 70 million kilowatt hours annually – enough to power 5,400 homes. LED lights also improve safety by providing better lighting, while reducing light pollution in the night sky.

Board of Directors

Milton Carroll, 64
Executive Chairman,
CenterPoint Energy

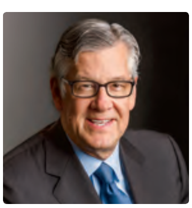
Scott M. Prochazka, 49
President and
Chief Executive Officer,
CenterPoint Energy

Michael P. Johnson, 67
President and
Chief Executive Officer,
J&A Group, LLC,
a management and
business consulting
company

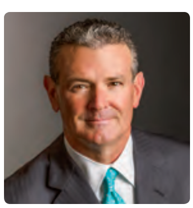
Janiece M. Longoria, 62
Partner, law firm of Ogden,
Gibson, Broocks, Longoria
& Hall, L.L.P.

Scott J. McLean, 58
Chief Executive Officer,
Amegy Bank of Texas
and Executive Vice
President, Zions
Bancorporation

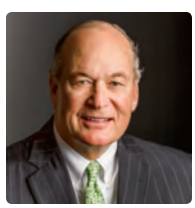
Susan O. Rheney, 55
Private investor and
former Principal with
The Sterling Group,
a private financial and
investment organization



Phillip R. Smith, 63
President and
Chief Executive Officer,
Torch Energy
Advisors, Inc.



R.A. Walker, 58
Chairman, President and
Chief Executive Officer,
Anadarko Petroleum
Corporation



Peter S. Wareing, 63
Co-founder and
Partner, Wareing,
Athon & Company,
a private equity firm

Corporate Officers

Executive Chairman

Milton Carroll, 64
Executive Chairman

Executive Committee

Scott M. Prochazka, 49
President and
Chief Executive Officer

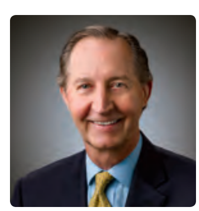
Tracy B. Bridge, 56
Executive Vice President
and President,
Electric Division

Joseph B. McGoldrick, 61
Executive Vice President
and President,
Natural Gas Division

Dana C. O'Brien, 47
Senior Vice President,
General Counsel and
Corporate Secretary

Susan B. Ortenstone, 58
Senior Vice President
and Chief Human
Resources Officer

William D. Rogers, 54
Executive Vice
President,
Finance and Accounting*



Gary L. Whitlock, 65
Executive Vice
President and
Chief Financial Officer**

Company Leadership

Kristie Colvin, 50
Senior Vice President and
Chief Accounting Officer

Scott E. Doyle, 43
Senior Vice President,
Regulatory and
Public Affairs

Gary W. Hayes, 57
Senior Vice President,
Chief Information Officer

Gregory E. Knight, 47
Senior Vice President,
Chief Customer Officer

Kenneth M. Mercado, 52
Senior Vice President,
Electric Operations

Rick Zapalac, 61
Senior Vice President,
Natural Gas Operations

* Chief Financial Officer
effective March 3, 2015

** Special Advisor effective
March 3, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM ______ TO ______

Commission File Number 1-31447

CenterPoint Energy, Inc.

(Exact name of registrant as specified in its charter)

Texas	**74-0694415**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1111 Louisiana **Houston, Texas 77002**	**(713) 207-1111**
(Address and zip code of principal executive offices)	*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of CenterPoint Energy, Inc. (CenterPoint Energy) was $10,907,234,073 as of June 30, 2014, using the definition of beneficial ownership contained in Rule 13d-3 promulgated pursuant to the Securities Exchange Act of 1934 and excluding shares held by directors and executive officers. As of February 17, 2015, CenterPoint Energy had 429,802,703 shares of Common Stock outstanding. Excluded from the number of shares of Common Stock outstanding are 166 shares held by CenterPoint Energy as treasury stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to the 2015 Annual Meeting of Shareholders of CenterPoint Energy, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2014, are incorporated by reference in Item 10, Item 11, Item 12, Item 13 and Item 14 of Part III of this Form 10-K.

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TABLE OF CONTENTS

PART I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "will" or other similar words.

We have based our forward-looking statements on our management's beliefs and assumptions based on information reasonably available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

Some of the factors that could cause actual results to differ from those expressed or implied by our forward-looking statements are described under "Risk Factors" in Item 1A and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Certain Factors Affecting Future Earnings" and " – Liquidity and Capital Resources – Other Matters – Other Factors That Could Affect Cash Requirements" in Item 7 of this report, which discussions are incorporated herein by reference.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to update or revise any forward-looking statements.

PART I

Item 1. ***Business***

OUR BUSINESS

Overview

We are a public utility holding company. Our operating subsidiaries own and operate electric transmission and distribution facilities and natural gas distribution facilities and own interests in Enable Midstream Partners, LP (Enable) as described below. Our indirect wholly owned subsidiaries include:

- CenterPoint Energy Houston Electric, LLC (CenterPoint Houston), which engages in the electric transmission and distribution business in a 5,000-square mile area of the Texas Gulf Coast that includes the city of Houston; and

- CenterPoint Energy Resources Corp. (CERC Corp. and, together with its subsidiaries, CERC), which owns and operates natural gas distribution systems (NGD). A wholly owned subsidiary of CERC Corp. offers variable and fixed-price physical natural gas supplies primarily to commercial and industrial customers and electric and gas utilities. As of December 31, 2014, CERC Corp. also owned approximately 55.4% of the limited partner interests in Enable, which owns, operates and develops natural gas and crude oil infrastructure assets.

Our reportable business segments are Electric Transmission & Distribution, Natural Gas Distribution, Energy Services, Midstream Investments and Other Operations. Substantially all of our former Interstate Pipelines business segment and Field Services business segment were contributed to Enable in May 2013. As a result, these business segments did not report operating results during 2014. From time to time, we consider the acquisition or the disposition of assets or businesses.

Our principal executive offices are located at 1111 Louisiana, Houston, Texas 77002 (telephone number: 713-207-1111).

We make available free of charge on our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the Securities and Exchange Commission (SEC). Additionally, we make available free of charge on our Internet website:

- our Code of Ethics for our Chief Executive Officer and Senior Financial Officers;

- our Ethics and Compliance Code;

- our Corporate Governance Guidelines; and

- the charters of the audit, compensation and governance committees of our Board of Directors.

Any shareholder who so requests may obtain a printed copy of any of these documents from us. Changes in or waivers of our Code of Ethics for our Chief Executive Officer and Senior Financial Officers and waivers of our Ethics and Compliance Code for directors or executive officers will be posted on our Internet website within five business days of such change or waiver and maintained for at least 12 months or reported on Item 5.05 of Form 8-K. Our website address is *www.centerpointenergy.com.* Except to the extent explicitly stated herein, documents and information on our website are not incorporated by reference herein.

Electric Transmission & Distribution

CenterPoint Houston is a transmission and distribution electric utility that operates wholly within the state of Texas. Neither CenterPoint Houston nor any other subsidiary of CenterPoint Energy makes direct retail or wholesale sales of electric energy or owns or operates any electric generating facilities.

Electric Transmission

On behalf of retail electric providers (REPs), CenterPoint Houston delivers electricity from power plants to substations, from one substation to another and to retail electric customers taking power at or above 69 kilovolts (kV) in locations throughout CenterPoint Houston's certificated service territory. CenterPoint Houston constructs and maintains transmission facilities and provides transmission services under tariffs approved by the Public Utility Commission of Texas (Texas Utility Commission).

Electric Distribution

In the Electric Reliability Council of Texas, Inc. (ERCOT), end users purchase their electricity directly from certificated REPs. CenterPoint Houston delivers electricity for REPs in its certificated service area by carrying lower-voltage power from the substation to the retail electric customer. CenterPoint Houston's distribution network receives electricity from the transmission grid through power distribution substations and delivers electricity to end users through distribution feeders. CenterPoint Houston's operations include construction and maintenance of distribution facilities, metering services, outage response services and call center operations. CenterPoint Houston provides distribution services under tariffs approved by the Texas Utility Commission. Texas Utility Commission rules and market protocols govern the commercial operations of distribution companies and other market participants. Rates for these existing services are established pursuant to rate proceedings conducted before municipalities that have original jurisdiction and the Texas Utility Commission.

ERCOT Market Framework

CenterPoint Houston is a member of ERCOT. Within ERCOT, prices for wholesale generation and retail electric sales are unregulated, but services provided by transmission and distribution companies, such as CenterPoint Houston, are regulated by the Texas Utility Commission. ERCOT serves as the regional reliability coordinating council for member electric power systems in most of Texas. ERCOT membership is open to consumer groups, investor and municipally-owned electric utilities, rural electric cooperatives, independent generators, power marketers, river authorities and REPs. The ERCOT market includes most of the State of Texas, other than a portion of the panhandle, portions of the eastern part of the state bordering Arkansas and Louisiana and the area in and around El Paso. The ERCOT market represents approximately 90% of the demand for power in Texas and is one of the nation's largest power markets. The ERCOT market included available generating capacity of over 77,000 megawatts (MW) at December 31, 2014. Currently, there are only limited direct current interconnections between the ERCOT market and other power markets in the United States and Mexico.

The ERCOT market operates under the reliability standards set by the North American Electric Reliability Corporation (NERC) and approved by the Federal Energy Regulatory Commission (FERC). These reliability standards are administered by the Texas Regional Entity (TRE), a functionally independent division of ERCOT. The Texas Utility Commission has primary jurisdiction over the ERCOT market to ensure the adequacy and reliability of electricity supply across the state's main interconnected power transmission grid. The ERCOT independent system operator (ERCOT ISO) is responsible for operating the bulk electric power supply system in the ERCOT market. Its responsibilities include ensuring that electricity production and delivery are accurately accounted for among the generation resources and wholesale buyers and sellers. Unlike certain other regional power markets, the ERCOT market is not a centrally dispatched power pool, and the ERCOT ISO does not procure energy on behalf of its members other than to maintain the reliable operations of the transmission system. Members who sell and purchase power are responsible for contracting sales and purchases of power bilaterally. The ERCOT ISO also serves as agent for procuring ancillary services for those members who elect not to provide their own ancillary services.

CenterPoint Houston's electric transmission business, along with those of other owners of transmission facilities in Texas, supports the operation of the ERCOT ISO. The transmission business has planning, design, construction, operation and maintenance responsibility for the portion of the transmission grid and for the load-serving substations it owns, primarily within its certificated area. CenterPoint Houston participates with the ERCOT ISO and other ERCOT utilities to plan, design, obtain regulatory approval for and construct new transmission lines necessary to increase bulk power transfer capability and to remove existing constraints on the ERCOT transmission grid.

Restructuring of the Texas Electric Market

In 1999, the Texas legislature adopted the Texas Electric Choice Plan (Texas electric restructuring law). Pursuant to that legislation, integrated electric utilities operating within ERCOT were required to unbundle their integrated operations into separate retail sales, power generation and transmission and distribution companies. The legislation provided for a transition period to move to the new market structure and provided a mechanism for the formerly integrated electric utilities to recover stranded and certain other costs resulting from the transition to competition. Those costs were recoverable after approval by the Texas Utility Commission either through the issuance of securitization bonds or through the implementation of a competition transition charge as a rider to the utility's tariff. CenterPoint Houston's integrated utility business was restructured in accordance with the Texas electric restructuring law and its generating stations were sold to third parties. Ultimately CenterPoint Houston was authorized to recover a total of approximately $5 billion in stranded costs, other charges and related interest. Most of that amount was recovered through the issuance of transition bonds by special purpose subsidiaries of CenterPoint Houston. The transition bonds are repaid through charges imposed on customers in CenterPoint Houston's service territory. As of December 31, 2014, approximately $2.6 billion aggregate principal amount of transition bonds were outstanding.

Customers

CenterPoint Houston serves nearly all of the Houston/Galveston metropolitan area. At December 31, 2014, CenterPoint Houston's customers consisted of approximately 70 REPs, which sell electricity to over two million metered customers in CenterPoint Houston's certificated service area, and municipalities, electric cooperatives and other distribution companies located outside CenterPoint Houston's certificated service area. Each REP is licensed by, and must meet minimum creditworthiness criteria established by, the Texas Utility Commission.

Sales to REPs that are affiliates of NRG Energy, Inc. (NRG) represented approximately 37%, 38% and 39% of CenterPoint Houston's transmission and distribution revenues in 2014, 2013 and 2012, respectively. Sales to REPs that are affiliates of Energy Future Holdings Corp. (Energy Future Holdings) represented approximately 10% of CenterPoint Houston's transmission and distribution revenues in each of 2014, 2013 and 2012. CenterPoint Houston's aggregate billed receivables balance from REPs as of December 31, 2014 was $195 million. Approximately 36% and 10% of this amount was owed by affiliates of NRG and Energy Future Holdings, respectively. CenterPoint Houston does not have long-term contracts with any of its customers. It operates using a continuous billing cycle, with meter readings being conducted and invoices being distributed to REPs each business day.

Advanced Metering System and Distribution Grid Automation (Intelligent Grid)

In May 2012, CenterPoint Houston substantially completed the deployment of an advanced metering system (AMS), having installed approximately 2.2 million smart meters. To recover the cost of the AMS, the Texas Utility Commission approved a monthly surcharge payable by REPs, initially over 12 years and later reduced to six years as a result of U.S. Department of Energy (DOE) grant funds. The surcharge is currently set to expire in 2015 for residential customers and in 2016 to 2017 for non-residential customers. The surcharge amounts and duration are subject to adjustment in future proceedings to reflect actual costs incurred and to address required changes in scope.

CenterPoint Houston is also pursuing deployment of an electric distribution grid automation strategy that involves the implementation of an "Intelligent Grid" (IG) which would provide on-demand data and information about the status of facilities on its system. We expect to include the costs of the deployment in future rate proceedings before the Texas Utility Commission.

In October 2009, the DOE selected CenterPoint Houston for a $200 million grant to help fund its AMS and IG projects. CenterPoint Houston received substantially all of the $200 million of grant funding from the DOE by 2011 and used $150 million of it to accelerate completion of its deployment of advanced meters to 2012. CenterPoint Houston is using the other $50 million from the grant for an initial deployment of an IG that covers approximately 12% of its service territory. The DOE-funded portion of the IG project is expected to be completed in 2015, and the capital portion of the IG project subject to partial funding by the DOE will cost approximately $140 million.

Competition

There are no other electric transmission and distribution utilities in CenterPoint Houston's service area. In order for another provider of transmission and distribution services to provide such services in CenterPoint Houston's territory, it would be required to obtain a certificate of convenience and necessity from the Texas Utility Commission and, depending on the location of the facilities, may also be required to obtain franchises from one or more municipalities. We know of no other party intending to enter this business in CenterPoint Houston's service area at this time. Distributed generation (i.e., power generation located at or near the point of consumption) could result in a reduction of demand for CenterPoint Houston's electric distribution services but has not been a significant factor to date.

Seasonality

A significant portion of CenterPoint Houston's revenues is derived from rates that it collects from each REP based on the amount of electricity it delivers on behalf of such REP. Thus, CenterPoint Houston's revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity usage, with revenues generally being higher during the warmer months.

Properties

All of CenterPoint Houston's properties are located in Texas. Its properties consist primarily of high-voltage electric transmission lines and poles, distribution lines, substations, service centers, service wires and meters. Most of CenterPoint Houston's transmission and distribution lines have been constructed over lands of others pursuant to easements or along public highways and streets as permitted by law.

All real and tangible properties of CenterPoint Houston, subject to certain exclusions, are currently subject to:

- the lien of a Mortgage and Deed of Trust (the Mortgage) dated November 1, 1944, as supplemented; and
- the lien of a General Mortgage (the General Mortgage) dated October 10, 2002, as supplemented, which is junior to the lien of the Mortgage.

As of December 31, 2014, CenterPoint Houston had approximately $2.4 billion aggregate principal amount of general mortgage bonds outstanding under the General Mortgage, including (a) $290 million held in trust to secure pollution control bonds that are not reflected in our consolidated financial statements because we are both the obligor on the bonds and the current owner of the bonds, (b) approximately $56 million held in trust to secure pollution control bonds that are not reflected on our financial statements because CenterPoint Houston is both the obligor on the bonds and the current owner of the bonds, and (c) approximately $118 million held in trust to secure pollution control bonds for which we are obligated. Additionally, as of December 31, 2014, CenterPoint Houston had approximately $102 million aggregate principal amount of first mortgage bonds outstanding under the Mortgage. CenterPoint Houston may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. Approximately $3.9 billion of additional first mortgage bonds and general mortgage bonds in the aggregate could be issued on the basis of retired bonds and 70% of property additions as of December 31, 2014. However, CenterPoint Houston has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions.

Electric Lines - Overhead. As of December 31, 2014, CenterPoint Houston owned 28,282 pole miles of overhead distribution lines and 3,719 circuit miles of overhead transmission lines, including 342 circuit miles operated at 69,000 volts, 2,161 circuit miles operated at 138,000 volts and 1,216 circuit miles operated at 345,000 volts.

Electric Lines - Underground. As of December 31, 2014, CenterPoint Houston owned 22,435 circuit miles of underground distribution lines and 26 circuit miles of underground transmission lines, including 2 circuit miles operated at 69,000 volts and 24 circuit miles operated at 138,000 volts.

Substations. As of December 31, 2014, CenterPoint Houston owned 236 major substation sites having a total installed rated transformer capacity of 57,477 megavolt amperes.

Service Centers. CenterPoint Houston operates 14 regional service centers located on a total of 291 acres of land. These service centers consist of office buildings, warehouses and repair facilities that are used in the business of transmitting and distributing electricity.

Franchises

CenterPoint Houston holds non-exclusive franchises from the incorporated municipalities in its service territory. In exchange for the payment of fees, these franchises give CenterPoint Houston the right to use the streets and public rights-of-way of these municipalities to construct, operate and maintain its transmission and distribution system and to use that system to conduct its electric delivery business and for other purposes that the franchises permit. The terms of the franchises, with various expiration dates, typically range from 20 to 40 years.

Natural Gas Distribution

CERC Corp.'s natural gas distribution business (NGD) engages in regulated intrastate natural gas sales to, and natural gas transportation for, approximately 3.4 million residential, commercial, industrial and transportation customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas. The largest metropolitan areas served in each state by NGD are Houston, Texas; Minneapolis, Minnesota; Little Rock, Arkansas; Shreveport, Louisiana; Biloxi, Mississippi; and Lawton, Oklahoma. In 2014, approximately 42% of NGD's total throughput was to residential customers and approximately 58% was to commercial and industrial and transportation customers.

The table below reflects the number of natural gas distribution customers by state as of December 31, 2014:

	Residential	Commercial/ Industrial	Total Customers
Arkansas	381,800	48,521	430,321
Louisiana	230,990	17,076	248,066
Minnesota	762,736	69,089	831,825
Mississippi	111,638	12,618	124,256
Oklahoma	90,974	10,827	101,801
Texas	1,546,404	91,141	1,637,545
Total NGD	3,124,542	249,272	3,373,814

NGD also provides unregulated services in Minnesota consisting of residential appliance repair and maintenance services along with heating, ventilating and air conditioning (HVAC) equipment sales.

Seasonality

The demand for intrastate natural gas sales to residential customers and natural gas sales and transportation for commercial and industrial customers is seasonal. In 2014, approximately 71% of the total throughput of NGD's business occurred in the first and fourth quarters. These patterns reflect the higher demand for natural gas for heating purposes during the colder months.

Supply and Transportation. In 2014, NGD purchased virtually all of its natural gas supply pursuant to contracts with remaining terms varying from a few months to four years. Major suppliers in 2014 included BP Energy Company/BP Canada Energy Marketing (15.8% of supply volumes), Tenaska Marketing Ventures (13.9%), Sequent Energy Management (9.0%), Cargill (7.4%), Macquarie Energy (6.4%), Kinder Morgan Tejas Pipeline/Kinder Morgan Texas Pipeline (6.3%), Conoco Phillips (5.2%), Centerpoint Energy Services (4.9%), Mieco (3.5%), and Munich Re Weather & Commodity Risk Holding (2.5%). Numerous other suppliers provided the remaining 25% of NGD's natural gas supply requirements. NGD transports its natural gas supplies through various intrastate and interstate pipelines, including those owned by our other subsidiaries and affiliates, under contracts with remaining terms, including extensions, varying from one to ten years. NGD anticipates that these gas supply and transportation contracts will be renewed or replaced prior to their expiration.

NGD actively engages in commodity price stabilization pursuant to annual gas supply plans presented to and/or filed with each of its state regulatory authorities. These price stabilization activities include use of storage gas and contractually establishing structured prices (e.g., fixed price, costless collars and caps) with our physical gas suppliers. Its gas supply plans generally call for 50-75% of winter supplies to be stabilized in some fashion.

The regulations of the states in which NGD operates allow it to pass through changes in the cost of natural gas, including savings and costs of financial derivatives associated with the index-priced physical supply, to its customers under purchased gas adjustment provisions in its tariffs. Depending upon the jurisdiction, the purchased gas adjustment factors are updated periodically, ranging from monthly to semi-annually. The changes in the cost of gas billed to customers are subject to review by the applicable regulatory bodies.

NGD uses various third-party storage services or owned natural gas storage facilities to meet peak-day requirements and to manage the daily changes in demand due to changes in weather and may also supplement contracted supplies and storage from time to time with stored liquefied natural gas and propane-air plant production.

NGD owns and operates an underground natural gas storage facility with a capacity of 7.0 billion cubic feet (Bcf). It has a working capacity of 2.0 Bcf available for use during the heating season and a maximum daily withdrawal rate of 50 million cubic feet (MMcf). It also owns eight propane-air plants with a total production rate of 180,000 Dekatherms (DTH) per day and on-site storage facilities for 12 million gallons of propane (1.0 Bcf natural gas equivalent). It owns a liquefied natural gas plant facility with a 12 million-gallon liquefied natural gas storage tank (1.0 Bcf natural gas equivalent) and a production rate of 72,000 DTH per day.

On an ongoing basis, NGD enters into contracts to provide sufficient supplies and pipeline capacity to meet its customer requirements. However, it is possible for limited service disruptions to occur from time to time due to weather conditions, transportation constraints and other events. As a result of these factors, supplies of natural gas may become unavailable from time to time, or prices may increase rapidly in response to temporary supply constraints or other factors.

NGD has entered into various asset management agreements associated with its utility distribution service in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. Generally, these asset management agreements are contracts between NGD and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these agreements, NGD agreed to release transportation and storage capacity to other parties to manage gas storage, supply and delivery arrangements for NGD and to use the released capacity for other purposes when it is not needed for NGD. NGD is compensated by the asset manager through payments made over the life of the agreements based in part on the results of the asset optimization. NGD has received approval from the state regulatory commissions in Arkansas, Louisiana, Mississippi and Oklahoma to retain a share of the asset management agreement proceeds. The agreements have varying terms, the longest of which expires in 2018.

Assets

As of December 31, 2014, NGD owned approximately 73,000 linear miles of natural gas distribution mains, varying in size from one-half inch to 24 inches in diameter. Generally, in each of the cities, towns and rural areas served by NGD, it owns the underground gas mains and service lines, metering and regulating equipment located on customers' premises and the district regulating equipment necessary for pressure maintenance. With a few exceptions, the measuring stations at which NGD receives gas are owned, operated and maintained by others, and its distribution facilities begin at the outlet of the measuring equipment. These facilities, including odorizing equipment, are usually located on land owned by suppliers.

Competition

NGD competes primarily with alternate energy sources such as electricity and other fuel sources. In some areas, intrastate pipelines, other gas distributors and marketers also compete directly for gas sales to end-users. In addition, as a result of federal regulations affecting interstate pipelines, natural gas marketers operating on these pipelines may be able to bypass NGD's facilities and market and sell and/or transport natural gas directly to commercial and industrial customers.

Energy Services

CERC offers variable and fixed-priced physical natural gas supplies primarily to commercial and industrial customers and electric and gas utilities through CenterPoint Energy Services, Inc. (CES) and its subsidiary, CenterPoint Energy Intrastate Pipelines, LLC (CEIP).

In 2014, CES marketed approximately 631 Bcf of natural gas, related energy services and transportation to approximately 18,000 customers (including approximately 18 Bcf to affiliates) in 23 states. CES customers vary in size from small commercial customers to large utility companies.

CES offers a variety of natural gas management services to gas utilities, large industrial customers, electric generators, smaller commercial and industrial customers, municipalities, educational institutions and hospitals. These services include load forecasting, supply acquisition, daily swing volume management, invoice consolidation, storage asset management, firm and interruptible transportation administration and forward price management. CES also offers a portfolio of physical delivery services designed to meet customers' supply and price risk management needs. These customers are served directly, through interconnects with various interstate and intrastate pipeline companies, and portably, through our mobile energy solutions business.

In addition to offering natural gas management services, CES procures and optimizes transportation and storage assets. CES maintains a portfolio of natural gas supply contracts and firm transportation and storage agreements to meet the natural gas requirements of its customers. CES aggregates supply from various producing regions and offers contracts to buy natural gas with terms ranging from one month to over five years. In addition, CES actively participates in the spot natural gas markets in an effort to balance daily and monthly purchases and sales obligations. Natural gas supply and transportation capabilities are leveraged through contracts for ancillary services including physical storage and other balancing arrangements.

As described above, CES offers its customers a variety of load following services. In providing these services, CES uses its customers' purchase commitments to forecast and arrange its own supply purchases, storage and transportation services to serve customers' natural gas requirements. As a result of the variance between this forecast activity and the actual monthly activity, CES will either have too much supply or too little supply relative to its customers' purchase commitments. These supply imbalances arise each month as customers' natural gas requirements are scheduled and corresponding natural gas supplies are nominated by CES for delivery to those customers. CES' processes and risk control environment are designed to measure and value imbalances on a real-time basis to ensure that CES' exposure to commodity price risk is kept to a minimum. The value assigned to these imbalances is calculated daily and is known as the aggregate Value at Risk (VaR).

Our risk control policy, which is overseen by our Risk Oversight Committee, defines authorized and prohibited trading instruments and trading limits. CES is a physical marketer of natural gas and uses a variety of tools, including pipeline and storage capacity, financial instruments and physical commodity purchase contracts, to support its sales. The CES business optimizes its use of these various tools to minimize its supply costs and does not engage in proprietary or speculative commodity trading. The VaR limit within which CES currently operates, a $4 million maximum, is consistent with CES' operational objective of matching its aggregate sales obligations (including the swing associated with load following services) with its supply portfolio in a manner that minimizes its total cost of supply. In 2014, CES' VaR averaged $0.3 million with a high of $1.7 million.

Assets

CEIP owns and operates over 200 miles of intrastate pipeline in Louisiana and Texas. In addition, CES leases transportation capacity on various interstate and intrastate pipelines and storage to service its shippers and end-users.

Competition

CES competes with regional and national wholesale and retail gas marketers, including the marketing divisions of natural gas producers and utilities. In addition, CES competes with intrastate pipelines for customers and services in its market areas.

Midstream Investments

On March 14, 2013, we entered into a Master Formation Agreement (MFA) with OGE Energy Corp. (OGE) and affiliates of ArcLight Capital Partners, LLC (ArcLight), pursuant to which we, OGE and ArcLight agreed to form Enable, initially a private limited partnership. On May 1, 2013, the parties closed on the formation of Enable pursuant to which Enable became the owner of substantially all of (i) CERC Corp.'s former Interstate Pipelines and Field Services businesses and (ii) Enogex LLC's midstream assets, which were contributed by OGE and ArcLight.

On April 16, 2014, Enable completed its initial public offering (IPO) of 28,750,000 common units at a price of $20.00 per unit, which included 3,750,000 common units sold by ArcLight pursuant to an over-allotment option that was fully exercised by the underwriters. Enable received $464 million in net proceeds from the sale of the units, after deducting underwriting fees, structuring fees and other offering costs. In connection with Enable's IPO, a portion of our common units were converted into subordinated units. As of December 31, 2014, CERC Corp. held an approximate 55.4% limited partner interest in Enable (consisting of 94,126,366 common units and 139,704,916 subordinated units) and OGE held an approximate 26.3% limited partner interest in Enable (consisting of 42,832,291 common units and 68,150,514 subordinated units). Sales of more than 5% of our limited partner interest in Enable or sales by OGE of more than 5% of its limited partner interest in Enable are subject to mutual rights of first offer and first refusal.

Enable is controlled jointly by CERC Corp. and OGE as each own 50% of the management rights in the general partner of Enable. Sale of our ownership interests in Enable's general partner to anyone other than an affiliate prior to May 1, 2016 is prohibited by Enable's general partner's limited liability company agreement. Sale of our or OGE's ownership interests in Enable's general partner to a third party is subject to mutual rights of first offer and first refusal, and we are not permitted to dispose of less than all of our interest in Enable's general partner.

As of December 31, 2014, CERC Corp. and OGE also own a 40% and 60% interest, respectively, in the incentive distribution rights held by the general partner of Enable. Enable is expected to pay a minimum quarterly distribution of $0.2875 per unit on its outstanding units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to its general partner and its affiliates, within 45 days after the end of each quarter. If cash distributions to Enable's unitholders exceed $0.330625 per unit in any quarter, the general partner will receive increasing percentages or incentive distributions rights, up to 50%, of the cash Enable distributes in excess of that amount. In certain circumstances the general partner of Enable will have the right to reset the minimum quarterly distribution and the target distribution levels at which the incentive distributions receive increasing percentages to higher levels based on Enable's cash distributions at the time of the exercise of this reset election.

Our investment in Enable and our 0.1% interest in Southeast Supply Header, LLC (SESH) are accounted for on an equity basis. Equity earnings associated with our interest in Enable and SESH are reported under the Midstream Investments segment.

Enable. Enable was formed to own, operate and develop strategically located natural gas and crude oil infrastructure assets. Enable serves current and emerging production areas in the United States, including several unconventional shale resource plays and local and regional end-user markets in the United States. Enable's assets and operations are organized into two reportable segments: (i) gathering and processing, which primarily provides natural gas gathering, processing and fractionation services and crude oil gathering for its producer customers, and (ii) transportation and storage, which provides interstate and intrastate natural gas pipeline transportation and storage service primarily to natural gas producers, utilities and industrial customers.

Enable's natural gas gathering and processing assets are located in four states and serve natural gas production from shale developments in the Anadarko, Arkoma and Ark-La-Tex basins. Enable also owns a crude oil gathering business in the Bakken Shale formation of the Williston Basin that commenced initial operations in November 2013. Enable's natural gas transportation and storage assets extend from western Oklahoma and the Texas Panhandle to Alabama and from Louisiana to Illinois.

As of December 31, 2014, Enable's portfolio of energy infrastructure assets included approximately 11,900 miles of gathering pipelines, 12 major processing plants with approximately 2.1 billion cubic feet (Bcf) per day of processing capacity, approximately 7,900 miles of interstate pipelines (including SESH), approximately 2,300 miles of intrastate pipelines and eight storage facilities providing approximately 87.5 Bcf of storage capacity.

Enable's Gathering and Processing segment. Enable provides gathering, compression, treating, dehydration, processing and natural gas liquids (NGL) fractionation for producers who are active in the areas in which Enable operates. Seven of Enable's processing plants in the Anadarko basin are interconnected through its super-header system. Enable has configured this system to facilitate the flow of natural gas from western Oklahoma and the Wheeler County area in the Texas Panhandle to the Cox City, Thomas, McClure, Calumet, Clinton, South Canadian and Wheeler processing plants. Enable is currently constructing two cryogenic processing facilities that it plans to connect to the super-header system in Grady County, Oklahoma, which are expected to add 400 MMcf per day of natural gas processing capacity. The first of the two new plants (the Bradley Plant) is a 200 MMcf per day plant that is expected to be completed in the first quarter of 2015. The second plant (the Grady County Plant) is a 200 MMcf per day plant that is expected to be completed in the first quarter of 2016.

Enable's gathering and processing systems compete with gatherers and processors of all types and sizes, including those affiliated with various producers, other major pipeline companies and various independent midstream entities. In the process of selling natural gas liquids (NGLs), Enable competes against other natural gas processors extracting and selling NGLs. Enable's primary competitors are master limited partnerships who are active in the regions where it operates.

Enable's Transportation and Storage segment. Enable provides fee-based interstate and intrastate transportation and storage services across nine states. Enable's transportation and storage assets were designed and built to serve large natural gas and electric utility companies in its areas of operation. Enable owns and operates approximately 7,900 miles (including SESH) of interstate transportation pipelines. In addition, Enable owns and operates approximately 2,300 miles of intrastate transportation pipelines. Its natural gas assets extend from western Oklahoma and the Texas Panhandle to Alabama and from Louisiana to Illinois. Enable also owns eight natural gas storage facilities in Oklahoma, Louisiana and Illinois with approximately 87.5 Bcf of aggregate storage capacity.

Enable's interstate pipelines compete with other interstate and intrastate pipelines. Enable's intrastate pipeline system competes with numerous interstate and intrastate pipelines, including several of the interconnected pipelines discussed above, as well as other natural gas storage facilities. The principal elements of competition among pipelines are rates, terms of service, and flexibility and reliability of service.

SESH. CenterPoint Southeastern Pipelines Holding, LLC, a wholly owned subsidiary of CERC, owned a 0.1% interest in SESH as of December 31, 2014. SESH owns a 1.0 Bcf per day, 286-mile interstate pipeline that runs from the Perryville Hub in Louisiana to Coden, Alabama. The pipeline was placed into service in the third quarter of 2008. The rates charged by SESH for interstate transportation services are regulated by the FERC.

On each of May 1, 2013 and May 30, 2014, we contributed a 24.95% interest in SESH to Enable. CERC has certain put rights, and Enable has certain call rights, exercisable with respect to the 0.1% interest in SESH retained by CERC, under which CERC would contribute its retained interest in SESH, in exchange for a specified number of limited partner units in Enable and a cash payment, payable either from CERC to Enable or from Enable to CERC, for changes in the value of SESH. Affiliates of Spectra Energy Corp own the remaining 50% interest in SESH.

Other Operations

Our Other Operations business segment includes office buildings and other real estate used in our business operations and other corporate operations that support all of our business operations.

Financial Information About Segments

For financial information about our segments, see Note 17 to our consolidated financial statements, which note is incorporated herein by reference.

REGULATION

We are subject to regulation by various federal, state and local governmental agencies, including the regulations described below.

Federal Energy Regulatory Commission

The FERC has jurisdiction under the Natural Gas Act and the Natural Gas Policy Act of 1978, as amended, to regulate the transportation of natural gas in interstate commerce and natural gas sales for resale in interstate commerce that are not first sales. The FERC regulates, among other things, the construction of pipeline and related facilities used in the transportation and storage of natural gas in interstate commerce, including the extension, expansion or abandonment of these facilities. The FERC has authority to prohibit market manipulation in connection with FERC-regulated transactions and to impose significant civil and criminal penalties for statutory violations and violations of the FERC's rules or orders. Our Energy Services business segment markets natural gas in interstate commerce pursuant to blanket authority granted by the FERC.

CenterPoint Houston is not a "public utility" under the Federal Power Act and, therefore, is not generally regulated by the FERC, although certain of its transactions are subject to limited FERC jurisdiction. The FERC has certain responsibilities with respect to ensuring the reliability of electric transmission service, including transmission facilities owned by CenterPoint Houston and other utilities within ERCOT. The FERC has designated the NERC as the Electric Reliability Organization (ERO) to promulgate standards, under FERC oversight, for all owners, operators and users of the bulk power system (Electric Entities). The ERO and the FERC have authority to (a) impose fines and other sanctions on Electric Entities that fail to comply with approved standards and (b) audit compliance with approved standards. The FERC has approved the delegation by the NERC of authority for reliability in ERCOT to the TRE. CenterPoint Houston does not anticipate that the reliability standards proposed by the NERC and approved by the FERC will have a material adverse impact on its operations. To the extent that CenterPoint Houston is required to make additional expenditures to comply with these standards, it is anticipated that CenterPoint Houston will seek to recover those costs through the transmission charges that are imposed on all distribution service providers within ERCOT for electric transmission provided.

As a public utility holding company, under the Public Utility Holding Company Act of 2005, we and our consolidated subsidiaries are subject to reporting and accounting requirements and are required to maintain certain books and records and make them available for review by the FERC and state regulatory authorities in certain circumstances.

State and Local Regulation – Electric Transmission & Distribution

CenterPoint Houston conducts its operations pursuant to a certificate of convenience and necessity issued by the Texas Utility Commission that covers its present service area and facilities. The Texas Utility Commission and municipalities have the authority to set the rates and terms of service provided by CenterPoint Houston under cost-of-service rate regulation. CenterPoint Houston holds non-exclusive franchises from the incorporated municipalities in its service territory. In exchange for payment of fees, these franchises give CenterPoint Houston the right to use the streets and public rights-of-way of these municipalities to construct, operate and maintain its transmission and distribution system and to use that system to conduct its electric delivery business and for other purposes that the franchises permit. The terms of the franchises, with various expiration dates, typically range from 20 to 40 years.

CenterPoint Houston's distribution rates charged to REPs for residential customers are primarily based on amounts of energy delivered, whereas distribution rates for a majority of commercial and industrial customers are primarily based on peak demand. All REPs in CenterPoint Houston's service area pay the same rates and other charges for transmission and distribution services. This regulated delivery charge includes the transmission and distribution rate (which includes municipal franchise fees), a nuclear decommissioning charge associated with decommissioning the South Texas nuclear generating facility, an energy efficiency cost recovery charge, a surcharge related to the implementation of AMS and charges associated with securitization of regulatory assets, stranded costs and restoration costs relating to Hurricane Ike. Transmission rates charged to distribution companies are based on amounts of energy transmitted under "postage stamp" rates that do not vary with the distance the energy is being transmitted. All distribution companies in ERCOT pay CenterPoint Houston the same rates and other charges for transmission services.

For a discussion of certain of CenterPoint Houston's ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters — CenterPoint Houston" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

State and Local Regulation – Natural Gas Distribution

In almost all communities in which NGD provides natural gas distribution services, it operates under franchises, certificates or licenses obtained from state and local authorities. The original terms of the franchises, with various expiration dates, typically range from 10 to 30 years, although franchises in Arkansas are perpetual. NGD expects to be able to renew expiring franchises. In most cases, franchises to provide natural gas utility services are not exclusive.

Substantially all of NGD is subject to cost-of-service rate regulation by the relevant state public utility commissions and, in Texas, by the Railroad Commission of Texas (Railroad Commission) and those municipalities served by NGD that have retained original jurisdiction. In certain of its jurisdictions, NGD has in effect annual rate adjustment mechanisms that provide for changes in rates dependent upon certain changes in invested capital, earned returns on equity or actual margins realized.

For a discussion of certain of NGD's ongoing regulatory proceedings, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters — CERC" in Item 7 of Part II of this report, which discussion is incorporated herein by reference.

Department of Transportation

In December 2006, Congress enacted the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 (2006 Act), which reauthorized the programs adopted under the Pipeline Safety Improvement Act of 2002 (2002 Act). These programs included several requirements related to ensuring pipeline safety, and a requirement to assess the integrity of pipeline transmission facilities in areas of high population concentration.

Pursuant to the 2006 Act, the Pipeline and Hazardous Materials Safety Administration (PHMSA) at the Department of Transportation (DOT) issued regulations, effective February 12, 2010, requiring operators of gas distribution pipelines to develop and implement integrity management programs similar to those required for gas transmission pipelines, but tailored to reflect the differences in distribution pipelines. Operators of natural gas distribution systems were required to write and implement their integrity management programs by August 2, 2011. Our natural gas distribution systems met this deadline.

Pursuant to the 2002 Act and the 2006 Act, PHMSA has adopted a number of rules concerning, among other things, distinguishing between gathering lines and transmission facilities, requiring certain design and construction features in new and replaced lines to reduce corrosion and requiring pipeline operators to amend existing written operations and maintenance procedures and operator qualification programs. PHMSA also updated its reporting requirements for natural gas pipelines effective January 1, 2011.

In December 2011, Congress passed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (2011 Act). This act increases the maximum civil penalties for pipeline safety administrative enforcement actions; requires the DOT to study and report on the expansion of integrity management requirements and the sufficiency of existing gathering line regulations to ensure safety; requires pipeline operators to verify their records on maximum allowable operating pressure; and imposes new emergency response and incident notification requirements.

We anticipate that compliance with PHMSA's regulations, performance of the remediation activities by CERC's natural gas distribution companies and verification of records on maximum allowable operating pressure will require increases in both capital expenditures and operating costs. The level of expenditures will depend upon several factors, including age, location and operating pressures of the facilities. In particular, the cost of compliance with DOT's integrity management rules will depend on integrity testing and the repairs found to be necessary by such testing. Changes to the amount of pipe subject to integrity management, whether by expansion of the definition of the type of areas subject to integrity management procedures or of the applicability of such procedures outside of those defined areas, may also affect the costs we incur. Implementation of the 2011 Act by PHMSA may result in other regulations or the reinterpretation of existing regulations that could impact our compliance costs. In addition, we may be subject to DOT's enforcement actions and penalties if we fail to comply with pipeline regulations. Please also see the discussion under "— Midstream Investments — Safety and Health Regulation" below.

Midstream Investments - Rate and Other Regulation

Federal, state, and local regulation of pipeline gathering and transportation services may affect certain aspects of Enable's business and the market for its products and services.

Interstate Natural Gas Pipeline Regulation

Enable's interstate pipeline systems — Enable Gas Transmission, LLC (EGT), Enable-Mississippi River Transmission, LLC (MRT) and SESH — are subject to regulation by FERC under the Natural Gas Act of 1938 (NGA) and are considered natural gas companies. Natural gas companies may not charge rates that have been determined to be unjust or unreasonable by the FERC. In addition, the FERC prohibits natural gas companies from unduly preferring or unreasonably discriminating against any person with respect to pipeline rates or terms and conditions of service. Under the NGA, the rates for service on Enable's interstate facilities must be just and reasonable and not unduly discriminatory. Generally, the maximum filed recourse rates for interstate pipelines are based on the pipeline's cost of service including recovery of and a return on the pipeline's actual prudent investment cost. Key determinants in the ratemaking process are costs of providing service, allowed rate of return, volume throughput and contractual capacity commitment assumptions. Enable's interstate pipelines business operations may be affected by changes in the demand for natural gas, the available supply and relative price of natural gas in the Mid-continent and Gulf Coast natural gas supply regions and general economic conditions. Tariff changes can only be implemented upon approval by the FERC.

Market Behavior Rules; Posting and Reporting Requirements

On August 8, 2005, Congress enacted the Energy Policy Act of 2005 (EPAct of 2005). Among other matters, the EPAct of 2005 amended the NGA to add an anti-manipulation provision that makes it unlawful for any entity to engage in prohibited behavior in contravention of rules and regulation to be prescribed by the FERC and, furthermore, provides the FERC with additional civil penalty authority. On January 19, 2006, the FERC issued Order No. 670, a rule implementing the anti-manipulation provisions of the EPAct of 2005. The rules make it unlawful for any entity, directly or indirectly in connection with the purchase or sale of natural gas subject to the jurisdiction of the FERC or the purchase or sale of transportation services subject to the jurisdiction of the FERC, to (1) use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements not misleading; or (3) to engage in any act or practice that operates as a fraud or deceit upon any person. The EPAct of 2005 also amends the NGA and the Natural Gas Policy Act of 1978 (NGPA) to give the FERC authority to impose civil penalties for violations of these statutes and FERC's regulations, rules, and orders, up to $1 million per day per violation for violations occurring after August 8, 2005. Should Enable fail to comply with all applicable FERC-administered statutes, rules, regulations and orders, it could be subject to substantial penalties and fines. In addition, the Commodity Futures Trading Commission (CFTC) is directed under the Commodities Exchange Act (CEA) to prevent price manipulations for the commodity and futures markets, including the energy futures markets. Pursuant to the Dodd-Frank Act and other authority, the CFTC has adopted anti-market manipulation regulations that prohibit fraud and price manipulation in the commodity and futures markets. The CFTC also has statutory authority to seek civil penalties of up to the greater of $1 million or triple the monetary gain to the violator for violations of the anti-market manipulation sections of the CEA.

Intrastate Natural Gas Pipeline and Storage Regulation

Enable's transmission lines are subject to state regulation of rates and terms of service. In Oklahoma, its intrastate pipeline system is subject to regulation by the Oklahoma Corporation Commission. Oklahoma has a non-discriminatory access requirement, which is subject to a complaint-based review. In Illinois, Enable's intrastate pipeline system is subject to regulation by the Illinois Commerce Commission.

Intrastate natural gas transportation is largely regulated by the state in which the transportation takes place. An intrastate natural gas pipeline system may transport natural gas in interstate commerce provided that the rates, terms, and conditions of such transportation service comply with FERC regulation and Section 311 of the NGPA and Part 284 of the FERC's regulations. The NGPA regulates, among other things, the provision of transportation and storage services by an intrastate natural gas pipeline on behalf of an interstate natural gas pipeline or a LDC served by an interstate natural gas pipeline. Under Section 311, rates charged for transportation must be fair and equitable, and amounts collected in excess of fair and equitable rates are subject to refund with interest. The rates under Section 311 are maximum rates and Enable may negotiate contractual rates at or below such maximum rates. Rates for service pursuant to Section 311 of the NGPA are generally subject to review and approval by FERC at least once every five years. Should the FERC determine not to authorize rates equal to or greater than Enable's currently approved Section 311 rates, its business may be adversely affected.

Failure to observe the service limitations applicable to transportation services provided under Section 311, failure to comply with the rates approved by FERC for Section 311 service, or failure to comply with the terms and conditions of service established in the pipeline's FERC-approved Statement of Operating Conditions could result in the assertion of federal NGA jurisdiction by

FERC and/or the imposition of administrative, civil and criminal penalties, as described under "— Interstate Natural Gas Pipeline Regulation" above.

Natural Gas Gathering Pipeline Regulation

Section 1(b) of the NGA exempts natural gas gathering facilities from the jurisdiction of the FERC. Although the FERC has not made formal determinations with respect to all of the facilities Enable considers to be gathering facilities, it believes that its natural gas pipelines meet the traditional tests that the FERC has used to determine that a pipeline is a gathering pipeline and is therefore not subject to FERC jurisdiction. The distinction between FERC-regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of Enable's gathering facilities is subject to change based on future determinations by the FERC, the courts or Congress. If the FERC were to consider the status of an individual facility and determine that the facility and/or services provided by it are not exempt from FERC regulation under the NGA and that the facility provides interstate service, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC under the NGA or the NGPA. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect Enable's results of operations and cash flows. In addition, if any of Enable's facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the rate established by the FERC.

States may regulate gathering pipelines. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, requirements prohibiting undue discrimination, and in some instances complaint-based rate regulation. Enable's gathering operations may be subject to ratable take and common purchaser statutes in the states in which they operate. These statutes are designed to prohibit discrimination in favor of one producer over another producer or one source of supply over another source of supply and have the effect of restricting Enable's right as an owner of gathering facilities to decide with whom it contracts to purchase or transport natural gas.

Enable's gathering operations could be adversely affected should they be subject in the future to the application of state or federal regulation of rates and services. Enable's gathering operations could also be subject to additional safety and operational regulations relating to the design, construction, testing, operation, replacement and maintenance of gathering facilities. Additional rules and legislation pertaining to these matters are considered or adopted from time to time. We cannot predict what effect, if any, such changes might have on Enable's operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes.

Crude Oil Gathering Regulation

Enable provides interstate transportation on its crude oil gathering system in North Dakota pursuant to a public tariff in accordance with FERC regulatory requirements. Crude oil gathering pipelines that provide interstate transportation service may be regulated as a common carrier by the FERC under the Interstate Commerce Act (ICA), the Energy Policy Act of 1992, and the rules and regulations promulgated under those laws. The ICA and FERC regulations require that rates for interstate service pipelines that transport crude oil and refined petroleum products (collectively referred to as "petroleum pipelines") and certain other liquids, be just and reasonable and are to be non-discriminatory or not confer any undue preference upon any shipper. FERC regulations also require interstate common carrier petroleum pipelines to file with the FERC and publicly post tariffs stating their interstate transportation rates and terms and conditions of service. Under the ICA, the FERC or interested persons may challenge existing or changed rates or services. The FERC is authorized to investigate such charges and may suspend the effectiveness of a new rate for up to seven months. A successful rate challenge could result in a common carrier paying refunds together with interest for the period that the rate was in effect. The FERC may also order a pipeline to change its rates, and may require a common carrier to pay shippers reparations for damages sustained for a period up to two years prior to the filing of a complaint.

For some time now, the FERC has been issuing regulatory assurances that necessarily balance the anti-discrimination and undue preference requirements of common carriage with the expectations of investors in new and expanding petroleum pipelines. There is an inherent tension between the requirements imposed upon a common carrier and the need for owners of petroleum pipelines to be able to enter into long-term, firm contracts with shippers willing to make the commitments which underpin such large capital investments. The FERC's solution has been to allow carriers to hold an "open season" prior to the in-service date of pipeline, during which time interested shippers can make commitments to the proposed pipeline project. Throughput commitments from interested shippers during an open season can be for firm service or for non-firm service. Typically, such an open season is for a 30-day period, must be publicly announced, and culminates in interested parties entering into transportation agreements with the carrier. Under FERC precedent, a carrier typically may reserve up to 90% of available capacity for the provision of firm service to shippers making a commitment. At least 10% of capacity ordinarily is reserved for "walk-up" shippers.

Midstream Investments - Safety and Health Regulation

Certain of Enable's facilities are subject to pipeline safety regulations. PHMSA regulates safety requirements in the design, construction, operation and maintenance of jurisdictional natural gas and hazardous liquid pipeline facilities. All natural gas transmission facilities, such as Enable's interstate natural gas pipelines, are subject to PHMSA's pipeline safety regulations, but natural gas gathering pipelines are subject to the pipeline safety regulations only to the extent they are classified as regulated gathering pipelines. In addition, several NGL pipeline facilities and crude oil pipeline facilities are regulated as hazardous liquids pipelines. Pursuant to various federal statutes, including the Natural Gas Pipeline Safety Act of 1968 (NGPSA) the DOT, through PHMSA, regulates pipeline safety and integrity. NGL and crude oil pipelines are subject to regulation by PHMSA under the Hazardous Liquid Pipeline Safety Act which requires PHMSA to develop, prescribe, and enforce minimum federal safety standards for the transportation of hazardous liquids by pipeline, and comparable state statutes with respect to design, installation, testing, construction, operation, replacement and management of pipeline facilities. PHMSA has developed regulations that require natural gas pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in high consequence areas (HCAs). Although many of Enable's pipeline facilities fall within a class that is currently not subject to these integrity management requirements, Enable may incur significant costs and liabilities associated with repair, remediation, preventive or mitigating measures associated with its non-exempt pipelines. Additionally, should Enable fail to comply with DOT or comparable state regulations, it could be subject to penalties and fines. If future DOT pipeline integrity management regulations were to require that Enable expand its integrity managements program to currently unregulated pipelines, including gathering lines, its costs associated with compliance may have a material effect on its operations.

ENVIRONMENTAL MATTERS

Our operations and the operations of Enable are subject to stringent and complex laws and regulations pertaining to the environment. As an owner or operator of natural gas distribution systems, electric transmission and distribution systems, and the facilities that support these systems, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- restricting the way we can handle or dispose of wastes;
- limiting or prohibiting construction activities in sensitive areas such as wetlands, coastal regions or areas inhabited by endangered species;
- requiring remedial action to mitigate environmental conditions caused by our operations or attributable to former operations;
- enjoining the operations of facilities with permits issued pursuant to such environmental laws and regulations; and
- impacting the demand for our services by directly or indirectly affecting the use or price of natural gas.

In order to comply with these requirements, we may need to spend substantial amounts and devote other resources from time to time to, among other activities:

- construct or acquire new facilities and equipment;
- acquire permits for facility operations;
- modify, upgrade or replace existing and proposed equipment; and
- clean or decommission waste disposal areas, fuel storage and management facilities and other locations and facilities.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial actions and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been stored, disposed or released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

The recent trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment, and thus there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to ensure the costs of such compliance are reasonable.

Based on current regulatory requirements and interpretations, we do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position, results of operations or cash flows. In addition, we believe that our current environmental remediation activities will not materially interrupt or diminish our operational ability. We cannot assure you that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. The following is a discussion of material current environmental and safety laws and regulations that relate to our operations. We believe that we are in substantial compliance with these environmental laws and regulations.

Global Climate Change

In recent years, there has been increasing public debate regarding the potential impact on global climate change by various "greenhouse gases" (GHGs) such as carbon dioxide, a byproduct of burning fossil fuels, and methane, the principal component of the natural gas that we transport and deliver to customers. The United States Congress has, from time to time, considered adopting legislation to reduce emissions of GHGs, and there has been a wide-ranging policy debate, both nationally and internationally, regarding the impact of these gases and possible means for their regulation. Some of the proposals would require industrial sources to meet stringent new standards that would require substantial reductions in carbon emissions. In addition, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues. Following a finding by the U.S. Environmental Protection Agency (EPA) that certain GHGs represent an endangerment to human health, the EPA adopted two sets of rules regulating GHG emissions under the Clean Air Act. One requires a reduction in emissions of GHGs from motor vehicles beginning January 2, 2011. The other regulates emissions of GHGs from certain large stationary sources under the Clean Air Act's Prevention of Significant Deterioration and Title V programs, commencing when the motor vehicle standards took effect on January 2, 2011. Also, the EPA adopted its "Mandatory Reporting of Greenhouse Gases Rule" that requires the annual calculation and reporting of GHG emissions from natural gas transmission, gathering, processing and distribution systems and electric distribution systems that emit 25,000 metric tons or more of CO_2 equivalent per year. These additional reporting requirements began in 2012 and we are currently in compliance. These permitting and reporting requirements could lead to further regulation of GHGs by the EPA.

Although the adoption of new legislation is uncertain, action by the EPA to impose new standards and reporting requirements regarding GHG emissions continues. On January 14, 2015, the EPA announced that it will issue a proposed rule in the summer of 2015 and a final rule in 2016 setting standards for methane and volatile organic compound (VOC) emissions from new and modified oil and gas production sources and natural gas processing and transmission sources. As part of the same announcement, PHMSA stated that it will propose natural gas pipeline safety standards in 2015 that are expected to reduce methane emissions. Furthermore, in December 2014, the EPA proposed changes to its GHG reporting rule that would require additional reporting from natural gas transmission pipelines. In addition, many states and regions of the United States have begun to regulate GHGs. CERC's revenues, operating costs and capital requirements could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of its operations or would have the effect of reducing the consumption of natural gas. Our electric transmission and distribution business, in contrast to some electric utilities, does not generate electricity and thus is not directly exposed to the risk of high capital costs and regulatory uncertainties that face electric utilities that burn fossil fuels to generate electricity. Nevertheless, CenterPoint Houston's revenues could be adversely affected to the extent any resulting regulatory action has the effect of reducing consumption of electricity by ultimate consumers within its service territory. Likewise, incentives to conserve energy or use energy sources other than natural gas could result in a decrease in demand for our services. Conversely, regulatory actions that effectively promote the consumption of natural gas because of its lower emissions characteristics would be expected to beneficially affect CERC and its natural gas-related businesses. At this point in time, however, it would be speculative to try to quantify the magnitude of the impacts from possible new regulatory actions related to GHG emissions, either positive or negative, on our businesses.

To the extent climate changes occur, our businesses may be adversely impacted, though we believe any such impacts are likely to occur very gradually and hence would be difficult to quantify. To the extent global climate change results in warmer temperatures in our service territories, financial results from our natural gas distribution businesses could be adversely affected through lower gas sales, and Enable's businesses could experience lower revenues. On the other hand, warmer temperatures in our electric service territory may increase our revenues from transmission and distribution through increased demand for electricity for cooling. Another possible effect of climate change is more frequent and more severe weather events, such as hurricanes or tornadoes. Since many of our facilities are located along or near the Gulf Coast, increased or more severe hurricanes or tornadoes could increase our costs to repair damaged facilities and restore service to our customers. When we cannot deliver electricity or natural gas to customers, or our customers cannot receive our services, our financial results can be impacted by lost revenues, and we generally must seek approval from regulators to recover restoration costs. To the extent we are unable to recover those costs, or if higher rates resulting from our recovery of such costs result in reduced demand for our services, our future financial results may be adversely impacted.

Air Emissions

Our operations and the operations of Enable are subject to the federal Clean Air Act and comparable state laws and regulations. These laws and regulations regulate emissions of air pollutants from various industrial sources, including processing plants and compressor stations, and also impose various monitoring and reporting requirements. Such laws and regulations may require pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in the increase of existing air emissions. We may be required to obtain and strictly comply with air permits containing various emissions and operational limitations, or utilize specific emission control technologies to limit emissions. Failure to comply with these requirements could result in monetary penalties, injunctions, conditions or restrictions on operations, and potentially criminal enforcement actions. We may be required to incur certain capital expenditures in the future for air pollution control equipment in connection with obtaining and maintaining operating permits and approvals for air emissions.

The EPA continues to adopt amendments to its regulations regarding maximum achievable control technology for stationary internal combustion engines (sometimes referred to as the RICE MACT rule), the most recent being January 14, 2013. On August 29, 2013, the EPA announced that it was reconsidering three issues related to the RICE MACT rule, but on August 15, 2014, the EPA determined that it would not propose any changes to the regulations at this time. Compressors and back up electrical generators used by our Natural Gas Distribution segment, and back up electrical generators used by our Electric Transmission & Distribution segment, are generally compliant with existing regulations.

In addition, on August 16, 2012, the EPA published final rules that establish new air emission control requirements for natural gas and NGL production, processing and transportation activities, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds, and National Emission Standards for Hazardous Air Pollutants (NESHAPS) to address hazardous air pollutants frequently associated with gas production and processing activities. The finalized regulations establish specific new requirements for emissions from compressors, controllers, dehydrators, storage tanks, gas processing plants and certain other equipment. The final rules under NESHAPS include maximum achievable control technology standards for "small" glycol dehydrators that are located at major sources of hazardous air pollutants and modifications to the leak detection standards for valves. Compliance with such rules is not expected to result in significant costs that would adversely impact our results of operations.

Water Discharges

Our operations and the operations of Enable are subject to the Federal Water Pollution Control Act of 1972, as amended, also known as the Clean Water Act, and analogous state laws and regulations. These laws and regulations impose detailed requirements and strict controls regarding the discharge of pollutants into waters of the United States. The unpermitted discharge of pollutants, including discharges resulting from a spill or leak incident, is prohibited. The Clean Water Act and regulations implemented thereunder also prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by an appropriately issued permit. Any unpermitted release of petroleum or other pollutants from our pipelines or facilities could result in fines or penalties as well as significant remedial obligations.

Hazardous Waste

Our operations and the operations of Enable generate wastes, including some hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act (RCRA), and comparable state laws, which impose detailed requirements for the handling, storage, treatment, transport and disposal of hazardous and solid waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste waters produced and other wastes associated with the exploration, development or production of crude oil and natural gas. However, these oil and gas exploration and production wastes are still regulated under state law and the less stringent non-hazardous waste requirements of RCRA. Moreover, ordinary industrial wastes such as paint wastes, waste solvents, laboratory wastes and waste compressor oils may be regulated as hazardous waste. The transportation of natural gas in pipelines may also generate some hazardous wastes that would be subject to RCRA or comparable state law requirements.

Liability for Remediation

The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), also known as "Superfund," and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released and companies that disposed or arranged for the disposal of hazardous substances at offsite locations such as landfills. Although petroleum, as well as natural gas, is excluded from CERCLA's definition of a "hazardous substance," in the course of our ordinary operations we generate wastes that may fall within the definition of a "hazardous substance." CERCLA authorizes the EPA and, in some cases, third parties to take action in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Under CERCLA, we could be subject to joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released, for damages to natural resources, and for the costs of certain health studies.

Liability for Preexisting Conditions

Manufactured Gas Plant Sites. CERC and its predecessors operated manufactured gas plants (MGPs) in the past. There are seven MGP sites in CERC's Minnesota service territory. CERC believes it never owned or operated, and therefore has no liability with respect to, two of these sites. With respect to two other sites, CERC has completed state ordered remediation, other than ongoing monitoring and water treatment.

As of December 31, 2014, CERC had recorded a liability of $7 million for remediation of these Minnesota sites. The estimated range of possible remediation costs for the sites CERC believes it has responsibility for was $5 million to $29 million based on remediation continuing for 30 to 50 years. The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will be dependent upon the number of sites to be remediated, the participation of other potentially responsible parties (PRPs), if any, and the remediation methods used. As of December 31, 2014, CERC had collected $4 million from insurance companies to be used for future environmental remediation.

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

Asbestos. Some facilities owned by us contain or have contained asbestos insulation and other asbestos-containing materials. We or our subsidiaries have been named, along with numerous others, as defendants in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos. Some of the claimants have worked at locations owned by us, but most existing claims relate to facilities previously owned by our subsidiaries. In 2004, we sold our generating business, to which most of these claims relate, to a company which is now an affiliate of NRG. Under the terms of the arrangements regarding separation of the generating business from us and our sale of that business, ultimate financial responsibility for uninsured losses from claims relating to the generating business has been assumed by the NRG affiliate, but we have agreed to continue to defend such claims to the extent they are covered by insurance maintained by us, subject to reimbursement of the costs of such defense by the NRG affiliate. We anticipate that additional claims like those received may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, we intend to continue vigorously contesting claims that we do not consider to have merit and do not expect, based on our experience to date, these matters, either individually or in the aggregate, to have a material adverse effect on our financial condition, results of operations or cash flows.

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

EMPLOYEES

As of December 31, 2014, we had 8,540 full-time employees, 1,113 of which were seconded to Enable and included below under the Midstream Investments business segment. As of January 1, 2015, following the transfer of substantially all of the previously seconded employees to Enable, we had 7,427 full-time employees, none of which were seconded to Enable. The following table sets forth the number of our employees by business segment as of December 31, 2014:

Business Segment	Number	Number Represented by Collective Bargaining Groups
Electric Transmission & Distribution	2,650	1,308
Natural Gas Distribution	3,343	1,185
Energy Services	125	—
Midstream Investments	1,113	—
Other Operations	1,309	127
Total	8,540	2,620

As of December 31, 2014, approximately 31% of our employees were covered by collective bargaining agreements. The collective bargaining agreements with the Gas Workers Local Union 340 and International Brotherhood of Electrical Workers Local 949 in Minnesota, which collectively cover approximately 8% of our employees, are scheduled to expire in April and December 2015, respectively. We believe we have good relationships with these bargaining units and expect to negotiate new agreements in 2015.

EXECUTIVE OFFICERS
(as of February 20, 2015)

Name	Age	Title
Milton Carroll	64	Executive Chairman
Scott M. Prochazka	49	President and Chief Executive Officer and Director
Gary L. Whitlock	65	Executive Vice President and Chief Financial Officer
Tracy B. Bridge	56	Executive Vice President and President, Electric Division
Joseph B. McGoldrick	61	Executive Vice President and President, Gas Division
William D. Rogers	54	Executive Vice President, Finance and Accounting
Dana C. O'Brien	47	Senior Vice President, General Counsel and Corporate Secretary
Sue B. Ortenstone	57	Senior Vice President and Chief Human Resources Officer

Milton Carroll has served on the Board of Directors of CenterPoint Energy or its predecessors since 1992. He has served as Executive Chairman of CenterPoint Energy since June 2013 and as Chairman from September 2002 until May 2013. Mr. Carroll has served as a director of Halliburton Company since 2006, Western Gas Holdings, LLC, the general partner of Western Gas Partners, LP, since 2008 and LyondellBasell Industries N.V. since July 2010. He has served as a director of Healthcare Service Corporation since 1998 and as its chairman since 2002. He previously served as a director of LRE GP, LLC, general partner of LRR Energy, L.P., from November 2011 to January 2014.

Scott M. Prochazka has served as a Director and President and Chief Executive Officer (CEO) of CenterPoint Energy since January 1, 2014. He previously served as Executive Vice President and Chief Operating Officer from July 2012 to December 2013; as Senior Vice President and Division President, Electric Operations from May 2011 to July 2012; as Division Senior Vice President, Electric Operations of CenterPoint Houston from February 2009 to May 2011; as Division Senior Vice President Regional Operations of CERC from February 2008 to February 2009; and as Division Vice President, Customer Service Operations from October 2006 to February 2008. He currently serves on the Boards of Directors of Enable GP, LLC, the general partner of Enable Midstream Partners, LP, Gridwise Alliance, Edison Electric Institute, American Gas Association and Greater Houston Partnership.

Gary L. Whitlock has served as Executive Vice President and Chief Financial Officer of CenterPoint Energy since September 2002. Effective March 3, 2015, Mr. Whitlock will step down from this role and will continue to serve as a special adviser to the CEO. He served as Executive Vice President and Chief Financial Officer of the Delivery Group of Reliant Energy from July 2001 to September 2002. Mr. Whitlock served as the Vice President, Finance and Chief Financial Officer of Dow AgroSciences, a subsidiary of The Dow Chemical Company, from 1998 to 2001. He currently serves on the Board of Directors of Enable GP, LLC, the general partner of Enable Midstream Partners, LP.

Tracy B. Bridge has served as Executive Vice President and President, Electric Division since February 2014. He previously served as Senior Vice President and Division President, Electric Operations from September 2012 to February 2014; as Senior Vice President and Division President, Gas Distribution Operations from May 2011 to September 2012; as Division Senior Vice President - Support Operations from February 2008 to May 2011; and as Division Vice President Regional Operations of CERC from January 2007 to February 2008. He currently serves on the Board of Directors of the Greater Houston Chapter of the American Red Cross and on the Board of Directors of Rebuilding Together Houston.

Joseph B. McGoldrick has served as Executive Vice President and President, Gas Division since February 2014. He previously served as Senior Vice President and Division President, Gas Operations from September 2012 to February 2014; as Senior Vice President and Division President, Energy Services from May 2011 to September 2012, and as Division President, Gas Operations from February 2007 to May 2011.

William D. Rogers has served as Executive Vice President, Finance and Accounting since February 2015. Effective March 3, 2015, he will serve as Executive Vice President and Chief Financial Officer. Prior to joining CenterPoint Energy, Mr. Rogers was Vice President and Treasurer of American Water Works Company, Inc., the largest publicly traded U.S. water and wastewater utility company, from October 2010 to January 2015. Mr. Rogers was also the Chief Financial Officer of NV Energy, Inc., an investor-owned utility headquartered in Las Vegas serving approximately 1.5 million electric and gas customers in Nevada and with annual revenues of approximately $3.0 billion, from February 2007 to February 2010. He has previously served as NV Energy's vice president of finance, risk and tax, as well as corporate treasurer. Before joining NV Energy in June 2005, Mr. Rogers was a managing director in capital markets at Merrill Lynch and prior to that in a similar role at JPMorgan Chase in New York.

Dana C. O'Brien has served as Senior Vice President, General Counsel and Corporate Secretary of CenterPoint Energy since May 2014. Before joining CenterPoint Energy, Ms. O'Brien was Chief Legal Officer and Chief Compliance Officer and a member of the executive board at CEVA Logistics, a Dutch-based logistics company, from August 2007 to April 2014. She previously served as the general counsel at EGL, Inc. from October 2005 to July 2007 and Quanta Services, Inc. from January 2001 to October 2005. Ms. O'Brien serves as a director for the Association of Women Attorneys Foundation.

Sue B. Ortenstone has served as Senior Vice President and Chief Human Resources Officer of CenterPoint Energy since February 2014. Prior to joining CenterPoint Energy, Ms. Ortenstone was Senior Vice President and Chief Administrative Officer at Copano Energy from July 2012 to May 2013. Before joining Copano, she spent more than 30 years at El Paso Corporation and served most recently as Senior Vice President and then Executive Vice President and Chief Administrative Officer from November 2003 to May 2012. Ms. Ortenstone serves on the Advisory Board for Civil and Environmental Engineering, as well as the Industrial Advisory Board in the College of Engineering at the University of Wisconsin. She also serves on the Board of Trustees for Northwest Assistance Ministries of Houston.

Item 1A. *Risk Factors*

We are a holding company that conducts all of our business operations through subsidiaries, primarily CenterPoint Houston and CERC. We also own interests in Enable, a publicly traded midstream master limited partnership jointly controlled by CERC Corp. and OGE. The following, along with any additional legal proceedings identified or incorporated by reference in Item 3 of this report, summarizes the principal risk factors associated with the businesses conducted by our subsidiaries and our interests in Enable:

Risk Factors Associated with Our Consolidated Financial Condition

As a holding company with no operations of our own, we will depend on distributions from our subsidiaries and from Enable to meet our payment obligations, and provisions of applicable law or contractual restrictions could limit the amount of those distributions.

We derive all of our operating income from, and hold all of our assets through, our subsidiaries, including our interests in Enable. As a result, we depend on distributions from our subsidiaries, including Enable, in order to meet our payment obligations. In general, our subsidiaries are separate and distinct legal entities and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable law, such as those limiting the legal sources of dividends, limit our subsidiaries' ability to make payments or other distributions to us, and our subsidiaries could agree to contractual restrictions on their ability to make distributions. For a discussion of risks that may impact the amount of cash distributions we receive with respect to our interests in Enable, please read "- Additional Risk Factors Affecting Our Interests in Enable Midstream Partners, LP - Our cash flows will be adversely impacted if we receive less cash distributions from Enable than we currently expect."

Our right to receive any assets of any subsidiary, and therefore the right of our creditors to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any subsidiary, our rights as a creditor would be subordinated to any security interest in the assets of that subsidiary and any indebtedness of the subsidiary senior to that held by us.

If we are unable to arrange future financings on acceptable terms, our ability to refinance existing indebtedness could be limited.

As of December 31, 2014, we had $8.9 billion of outstanding indebtedness on a consolidated basis, which includes $3.0 billion of non-recourse transition and system restoration bonds. As of December 31, 2014, approximately $1.1 billion principal amount of this debt is required to be paid through 2017. This amount excludes principal repayments of approximately $1.2 billion on transition and system restoration bonds, for which dedicated revenue streams exist. Our future financing activities may be significantly affected by, among other things:

- general economic and capital market conditions;
- credit availability from financial institutions and other lenders;
- investor confidence in us and the markets in which we operate;
- maintenance of acceptable credit ratings;
- market expectations regarding our future earnings and cash flows;
- market perceptions of our ability to access capital markets on reasonable terms;
- our exposure to GenOn Energy, Inc. (GenOn) (formerly known as RRI Energy, Inc., Reliant Energy, Inc. and Reliant Resources, Inc. (RRI)), a wholly owned subsidiary of NRG, in connection with certain indemnification obligations;
- incremental collateral that may be required due to regulation of derivatives; and
- provisions of relevant tax and securities laws.

As of December 31, 2014, CenterPoint Houston had approximately $2.4 billion aggregate principal amount of general mortgage bonds outstanding under the General Mortgage, including (a) $290 million held in trust to secure pollution control bonds that are not reflected in our consolidated financial statements because we are both the obligor on the bonds and the current owner of the bonds, (b) approximately $56 million held in trust to secure pollution control bonds that are not reflected on our financial statements because CenterPoint Houston is both the obligor on the bonds and the current owner of the bonds, and (c) approximately $118 million held in trust to secure pollution control bonds for which we are obligated. Additionally, as of December 31, 2014, CenterPoint Houston had approximately $102 million aggregate principal amount of first mortgage bonds outstanding under the Mortgage. CenterPoint Houston may issue additional general mortgage bonds on the basis of retired bonds, 70% of property additions or cash deposited with the trustee. Approximately $3.9 billion of additional first mortgage bonds and general mortgage bonds in the aggregate could be issued on the basis of retired bonds and 70% of property additions as of December 31, 2014. However, CenterPoint Houston has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions.

Our current credit ratings are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Other Matters - Impact on Liquidity of a Downgrade in Credit Ratings" in Item 7 of Part II of this report. These credit ratings may not remain in effect for any given period of time and one or more of these ratings may be lowered or withdrawn entirely by a rating agency. We note that these credit ratings are not recommendations to buy, sell or hold our securities. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of our credit ratings could have a material adverse impact on our ability to access capital on acceptable terms.

Poor investment performance of the pension plan and factors adversely affecting the calculation of pension liabilities could unfavorably impact our liquidity and results of operations.

We maintain a qualified defined benefit pension plan covering all employees. Our costs of providing this plan are dependent upon a number of factors including the investment returns on plan assets, the level of interest rates used to calculate the funded status of the plan, our contributions to the plan and government regulations with respect to funding requirements and the calculation of plan liabilities. Funding requirements may increase as a result of a decline in the market value of plan assets, a decline in the interest rates used to calculate the present value of future plan obligations or government regulations that increase minimum funding requirements or the pension liability. In addition to affecting our funding requirements, each of these factors could adversely affect our results of operations and financial position.

The use of derivative contracts in the normal course of business by us, our subsidiaries or Enable could result in financial losses that could negatively impact our results of operations and those of our subsidiaries or Enable.

We and our subsidiaries use derivative instruments, such as swaps, options, futures and forwards, to manage our commodity, weather and financial market risks. Enable may also use such instruments from time to time to manage its commodity and financial market risk. We, our subsidiaries or Enable could recognize financial losses as a result of volatility in the market values of these contracts or should a counterparty fail to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these financial instruments can involve management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts.

An impairment of goodwill, long-lived assets, including intangible assets, and equity-method investments could reduce our earnings.

Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. Accounting principles generally accepted in the United States of America require us to test goodwill for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, including intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For investments we account for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. For example, if Enable's unit price, distributions or earnings decline for reasons including, but not limited to, continued declines in commodity prices and producer activity, and that decline is deemed to be other than temporary, we could determine that we are unable to recover the carrying value of our equity investment in Enable. The carrying value of CenterPoint Energy's investment in Enable is $19.33 per unit. As of December 31, 2014, Enable's common unit price closed at $19.39 (approximately $14 million above carrying value). The lowest close price for Enable's common units in January 2015 was $17.34 (approximately $465 million below carrying value). If we determine that an impairment is indicated, we would be required to take an immediate noncash charge to earnings with a correlative effect on equity and balance sheet leverage as measured by debt to total capitalization.

Risk Factors Affecting Our Electric Transmission & Distribution Business

Rate regulation of CenterPoint Houston's business may delay or deny CenterPoint Houston's ability to earn a reasonable return and fully recover its costs.

CenterPoint Houston's rates are regulated by certain municipalities and the Texas Utility Commission based on an analysis of its invested capital and its expenses in a test year. Thus, the rates that CenterPoint Houston is allowed to charge may not match its expenses at any given time. The regulatory process by which rates are determined may not always result in rates that will produce full recovery of CenterPoint Houston's costs and enable CenterPoint Houston to earn a reasonable return on its invested capital.

CenterPoint Houston's revenues and results of operations are seasonal.

A significant portion of CenterPoint Houston's revenues is derived from rates that it collects from each REP based on the amount of electricity it delivers on behalf of such REP. Thus, CenterPoint Houston's revenues and results of operations are subject to seasonality, weather conditions and other changes in electricity usage, with revenues generally being higher during the warmer months. Unusually mild weather in the warmer months could diminish our results of operations and harm our financial condition. Conversely, extreme warm weather conditions could increase our results of operations in a manner that would not likely be annually recurring.

Disruptions at power generation facilities owned by third parties could interrupt CenterPoint Houston's sales of transmission and distribution services.

CenterPoint Houston transmits and distributes to customers of REPs electric power that the REPs obtain from power generation facilities owned by third parties. CenterPoint Houston does not own or operate any power generation facilities. If power generation is disrupted or if power generation capacity is inadequate, CenterPoint Houston's sales of transmission and distribution services may be diminished or interrupted, and its results of operations, financial condition and cash flows could be adversely affected.

A substantial portion of CenterPoint Houston's receivables is concentrated in a small number of REPs, and any delay or default in payment could adversely affect CenterPoint Houston's cash flows, financial condition and results of operations.

CenterPoint Houston's receivables from the distribution of electricity are collected from REPs that supply the electricity CenterPoint Houston distributes to their customers. As of December 31, 2014, CenterPoint Houston did business with approximately 70 REPs. Adverse economic conditions, structural problems in the market served by ERCOT or financial difficulties of one or more REPs could impair the ability of these REPs to pay for CenterPoint Houston's services or could cause them to delay such payments. CenterPoint Houston depends on these REPs to remit payments on a timely basis. Applicable regulatory provisions require that customers be shifted to another REP or a provider of last resort if a REP cannot make timely payments. Applicable Texas Utility Commission regulations significantly limit the extent to which CenterPoint Houston can apply normal commercial terms or otherwise seek credit protection from firms desiring to provide retail electric service in its service territory, and CenterPoint Houston thus remains at risk for payments related to services provided prior to the shift to another REP or the provider of last resort. The Texas Utility Commission revised its regulations in 2009 to (i) increase the financial qualifications required of REPs that began selling power after January 1, 2009, and (ii) authorize utilities to defer bad debts resulting from defaults by REPs for recovery in a future rate case. A significant portion of CenterPoint Houston's billed receivables from REPs are from affiliates of NRG and Energy Future Holdings Corp. (Energy Future Holdings). CenterPoint Houston's aggregate billed receivables balance from REPs as of December 31, 2014 was $195 million. Approximately 36% and 10% of this amount was owed by affiliates of NRG and Energy Future Holdings, respectively. In April 2014, Energy Future Holdings publicly disclosed that it and the substantial majority of its direct and indirect subsidiaries, excluding Oncor Electric Delivery Company LLC and its subsidiaries, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Any delay or default in payment by REPs could adversely affect CenterPoint Houston's cash flows, financial condition and results of operations. If a REP were unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event such REP might seek to avoid honoring its obligations, and claims might be made by creditors involving payments CenterPoint Houston had received from such REP.

CenterPoint Houston could be subject to higher costs and fines or other sanctions as a result of mandatory reliability standards.

The FERC has jurisdiction with respect to ensuring the reliability of electric transmission service, including transmission facilities owned by CenterPoint Houston and other utilities within ERCOT. The FERC has designated the NERC as the ERO to promulgate standards, under FERC oversight, for all owners, operators and users of the bulk power system. The FERC has approved the delegation by the NERC of authority for reliability in ERCOT to the TRE, a functionally independent division of ERCOT. Compliance with the mandatory reliability standards may subject CenterPoint Houston to higher operating costs and may result in increased capital expenditures. In addition, if CenterPoint Houston were to be found to be in noncompliance with applicable mandatory reliability standards, it could be subject to sanctions, including substantial monetary penalties.

The AMS deployed throughout CenterPoint Houston's service territory may experience unexpected problems with respect to the timely receipt of accurate metering data.

CenterPoint Houston has deployed an AMS throughout its service territory. The deployment consisted, among other elements, of replacing existing meters with new electronic meters that record metering data at 15-minute intervals and wirelessly communicate that information to CenterPoint Houston over a bi-directional communications system installed for that purpose. The AMS integrates equipment and computer software from various vendors in order to eliminate the need for physical meter readings to be taken at consumers' premises, such as monthly readings for billing purposes and special readings associated with a customer's change in REPs or the connection or disconnection of electric service. Unanticipated difficulties could be encountered during the operation of the AMS, including failures or inadequacy of equipment or software, difficulties in integrating the various components of the AMS, changes in technology, cyber-security issues and factors outside the control of CenterPoint Houston, which could result in delayed or inaccurate metering data that might lead to delays or inaccuracies in the calculation and imposition of delivery or other charges, which could have a material adverse effect on CenterPoint Houston's results of operations, financial condition and cash flows.

Risk Factors Affecting Our Natural Gas Distribution and Energy Services Businesses

Rate regulation of CERC's business may delay or deny CERC's ability to earn a reasonable return and fully recover its costs.

CERC's rates for NGD are regulated by certain municipalities and state commissions based on an analysis of its invested capital and its expenses in a test year. Thus, the rates that CERC is allowed to charge may not match its expenses at any given time. The regulatory process in which rates are determined may not always result in rates that will produce full recovery of CERC's costs and enable CERC to earn a reasonable return on its invested capital.

CERC's natural gas distribution and energy services businesses are subject to fluctuations in notional natural gas prices as well as geographic and seasonal natural gas price differentials, which could affect the ability of CERC's suppliers and customers to meet their obligations or otherwise adversely affect CERC's liquidity and results of operations and financial condition.

CERC is subject to risk associated with changes in the notional price of natural gas as well as geographic and seasonal natural gas price differentials. Increases in natural gas prices might affect CERC's ability to collect balances due from its customers and, for NGD, could create the potential for uncollectible accounts expense to exceed the recoverable levels built into CERC's tariff rates. In addition, a sustained period of high natural gas prices could (i) decrease demand for natural gas in the areas in which CERC operates, thereby resulting in decreased sales and revenues and (ii) increase the risk that CERC's suppliers or customers fail or are unable to meet their obligations. An increase in natural gas prices would also increase CERC's working capital requirements by increasing the investment that must be made in order to maintain natural gas inventory levels. Additionally, a decrease in natural gas prices could increase the amount of collateral that CERC must provide under its hedging arrangements.

CERC's businesses must compete with alternate energy sources, which could result in CERC marketing less natural gas, which could have an adverse impact on CERC's results of operations, financial condition and cash flows.

CERC competes primarily with alternate energy sources such as electricity and other fuel sources. In some areas, intrastate pipelines, other natural gas distributors and marketers also compete directly with CERC for natural gas sales to end-users. In addition, as a result of federal regulatory changes affecting interstate pipelines, natural gas marketers operating on these pipelines may be able to bypass CERC's facilities and market, sell and/or transport natural gas directly to commercial and industrial customers. Any reduction in the amount of natural gas marketed, sold or transported by CERC as a result of competition may have an adverse impact on CERC's results of operations, financial condition and cash flows.

A decline in CERC's credit rating could result in CERC's having to provide collateral under its shipping or hedging arrangements or in order to purchase natural gas.

If CERC's credit rating were to decline, it might be required to post cash collateral under its shipping or hedging arrangements or in order to purchase natural gas. If a credit rating downgrade and the resultant cash collateral requirement were to occur at a time when CERC was experiencing significant working capital requirements or otherwise lacked liquidity, CERC's results of operations, financial condition and cash flows could be adversely affected.

CERC's revenues and results of operations are seasonal.

A substantial portion of CERC's revenues is derived from natural gas sales. Thus, CERC's revenues and results of operations are subject to seasonality, weather conditions and other changes in natural gas usage, with revenues being higher during the winter months. Unusually mild weather in the winter months could diminish our results of operations and harm our financial condition. Conversely, extreme cold weather conditions could increase our results of operations in a manner that would not likely be annually recurring.

The states in which CERC provides regulated local gas distribution may, either through legislation or rules, adopt restrictions regarding organization, financing and affiliate transactions that could have significant adverse impacts on CERC's ability to operate.

Proposals have been put forth in some of the states in which CERC does business to give state regulatory authorities increased jurisdiction and scrutiny over organization, capital structure, intracompany relationships and lines of business that could be pursued by registered holding companies and their affiliates that operate in those states. Some of these frameworks attempt to regulate financing activities, acquisitions and divestitures, and arrangements between the utilities and their affiliates, and to restrict the level of non-utility business that can be conducted within the holding company structure. Additionally, they may impose record-keeping, record access, employee training and reporting requirements related to affiliate transactions and reporting in the event of certain downgrading of the utility's credit rating.

These regulatory frameworks could have adverse effects on CERC's ability to conduct its utility operations, to finance its business and to provide cost-effective utility service. In addition, if more than one state adopts restrictions on similar activities, it may be difficult for CERC and us to comply with competing regulatory requirements.

Risk Factors Affecting Our Interests in Enable Midstream Partners, LP

We hold a substantial limited partnership interest in Enable (55.4% of Enable's outstanding limited partnership interests as of December 31, 2014), as well as 50% of the management rights in Enable's general partner and a 40% interest in the incentive distribution rights held by Enable's general partner. Accordingly, our future earnings, results of operations, cash flows and financial condition will be affected by the performance of Enable, the amount of cash distributions we receive from Enable and the value of our interests in Enable. Factors that may have a material impact on Enable's performance and cash distributions, and, hence, the value of our interests in Enable, include the risk factors outlined below, as well as the risks described elsewhere under "Risk Factors" that are applicable to Enable.

Our cash flows will be adversely impacted if we receive less cash distributions from Enable than we currently expect.

Both CERC Corp. and OGE hold their limited partnership interests in Enable in the form of both common units and subordinated units. Enable is expected to pay a minimum quarterly distribution of $0.2875 per unit, or $1.15 per unit on an annualized basis, on its outstanding units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to its general partner and its affiliates (referred to as "available cash"). The principal difference between Enable's common units and subordinated units is that in any quarter during the applicable subordination period, holders of the subordinated units are not entitled to receive any distribution of available cash until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution on common units from prior quarters. If Enable does not pay distributions on its subordinated units, its subordinated units will not accrue arrearages for those unpaid distributions. Accordingly, if Enable is unable to pay its minimum quarterly distribution, the amount of cash distributions we receive from Enable may be adversely affected. Enable may not have sufficient available cash each quarter to enable it to pay the minimum quarterly distribution. The amount of cash Enable can distribute on its units will principally depend upon the amount of cash it generates from its operations, which will fluctuate from quarter to quarter based on, among other things:

- the fees and gross margins it realizes with respect to the volume of natural gas and crude oil that it handles;
- the prices of, levels of production of, and demand for natural gas and crude oil;
- the volume of natural gas and crude oil it gathers, compresses, treats, dehydrates, processes, fractionates, transports and stores;
- the relationship among prices for natural gas, NGLs and crude oil;
- cash calls and settlements of hedging positions;
- margin requirements on open price risk management assets and liabilities;
- the level of competition from other midstream energy companies;
- adverse effects of governmental and environmental regulation;
- the level of its operation and maintenance expenses and general and administrative costs; and
- prevailing economic conditions.

In addition, the actual amount of cash Enable will have available for distribution will depend on other factors, including:

- the level and timing of its capital expenditures;
- the cost of acquisitions;

- its debt service requirements and other liabilities;
- fluctuations in its working capital needs;
- its ability to borrow funds and access capital markets;
- restrictions contained in its debt agreements;
- the amount of cash reserves established by its general partner; and
- other business risks affecting its cash levels.

The amount of cash Enable has available for distribution to us depends primarily on its cash flow rather than on its profitability, which may prevent Enable from making distributions, even during periods in which Enable records net income.

The amount of cash Enable has available for distribution depends primarily upon its cash flows and not solely on profitability, which will be affected by non-cash items. As a result, Enable may make cash distributions during periods when it records losses for financial accounting purposes and may not make cash distributions during periods when it records net earnings for financial accounting purposes.

We are not able to exercise control over Enable, which entails certain risks.

Enable is controlled jointly by CERC Corp. and OGE, who each own 50% of the management rights in the general partner of Enable. The board of directors of Enable's general partner is composed of an equal number of directors appointed by OGE and by us, the president and chief executive officer of Enable's general partner and three directors who are independent as defined under the independence standards established by the New York Stock Exchange. Accordingly, we are not able to exercise control over Enable**.**

Although we jointly control Enable with OGE, we may have conflicts of interest with Enable that could subject us to claims that we have breached our fiduciary duty to Enable and its unitholders.

CERC Corp. and OGE each own 50% of the management rights in Enable's general partner, as well as limited partnership interests in Enable, and interests in the incentive distribution rights held by Enable's general partner. Conflicts of interest may arise between us and Enable and its unitholders. Our joint control of the general partner of Enable may increase the possibility of claims of breach of fiduciary duties including claims of conflicts of interest related to Enable. In resolving these conflicts, we may favor our own interests and the interests of our affiliates over the interests of Enable and its unitholders as long as the resolution does not conflict with Enable's partnership agreement. These circumstances could subject us to claims that, in favoring our own interests and those of our affiliates, we breached a fiduciary duty to Enable or its unitholders.

Enable's contracts are subject to renewal risks.

Enable generates a substantial portion of its gross margins under long-term, fee-based agreements. For the year ended December 31, 2014, approximately 72% of Enable's gross margin was generated from contracts that are fee-based and approximately 50% of its gross margin was attributable to fees associated with firm contracts or contracts with minimum volume commitment features. As these and other contracts expire, Enable may have to negotiate extensions or renewals with existing suppliers and customers or enter into new contracts with other suppliers and customers. Enable may be unable to obtain new contracts on favorable commercial terms, if at all. It also may be unable to maintain the economic structure of a particular contract with an existing customer or the overall mix of its contract portfolio. For example, depending on prevailing market conditions at the time of a contract renewal, gathering and processing customers with fixed-fee or fixed-margin contracts may desire to enter into contracts under different fee arrangements. To the extent Enable is unable to renew its existing contracts on terms that are favorable to it, if at all, or successfully manage its overall contract mix over time, its revenue, results of operations and distributable cash flow could be adversely affected.

Enable depends on a small number of customers for a significant portion of its firm transportation and storage services revenues. The loss of, or reduction in volumes from, these customers could result in a decline in sales of its transportation and storage services and its consolidated financial position, results of operations and its ability to make cash distributions.

Enable provides firm transportation and storage services to certain key customers on its system. Its major transportation customers are affiliates of CenterPoint Energy, Laclede Group (Laclede), OGE, American Electric Power Company, Inc. (AEP) and XTO Energy Inc., an affiliate of Exxon Mobil Corporation.

The loss of all or even a portion of the interstate or intrastate transportation and storage services for any of these customers, the failure to extend or replace these contracts or the extension or replacement of these contracts on less favorable terms, as a result of competition or otherwise, could adversely affect Enable's combined and consolidated financial position, results of operations and its ability to make cash distributions.

Enable's businesses are dependent, in part, on the drilling and production decisions of others.

Enable's businesses are dependent on the continued availability of natural gas and crude oil production. Enable has no control over the level of drilling activity in its areas of operation, the amount of reserves associated with wells connected to its systems or the rate at which production from a well declines. In addition, Enable's cash flows associated with wells currently connected to its systems will decline over time. To maintain or increase throughput levels on its gathering and transportation systems and the asset utilization rates at its natural gas processing plants, Enable's customers must continually obtain new natural gas and crude oil supplies. The primary factors affecting Enable's ability to obtain new supplies of natural gas and crude oil and attract new customers to its assets are the level of successful drilling activity near these systems, its ability to compete for volumes from successful new wells and its ability to expand capacity as needed. If Enable is not able to obtain new supplies of natural gas and crude oil to replace the natural decline in volumes from existing wells, throughput on its gathering, processing, transportation and storage facilities will decline, which could have a material adverse effect on its results of operations and distributable cash flow. Enable has no control over producers or their drilling and production decisions, which are affected by, among other things:

- the availability and cost of capital;
- prevailing and projected commodity prices, including the prices of natural gas, NGLs and crude oil;
- demand for natural gas, NGLs and crude oil;
- levels of reserves;
- geological considerations;
- environmental or other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing; and
- the availability of drilling rigs and other costs of production and equipment.

Fluctuations in energy prices can also greatly affect the development of new natural gas and crude oil reserves. Drilling and production activity generally decreases as commodity prices decrease. In general terms, the prices of natural gas, crude oil and other hydrocarbon products fluctuate in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond Enable's control. Because of these factors, even if new natural gas or crude oil reserves are known to exist in areas served by Enable's assets, producers may choose not to develop those reserves. Declines in natural gas or crude oil prices can have a negative impact on exploration, development and production activity and, if sustained, could lead to decreases in such activity. A sustained decline could also lead producers to shut in production from their existing wells. Sustained reductions in exploration or production activity in Enable's areas of operation could lead to further reductions in the utilization of its systems, which could have a material adverse effect on its business, financial condition, results of operations and ability to make cash distributions.

In addition, it may be more difficult to maintain or increase the current volumes on Enable's gathering systems, as several of the formations in the unconventional resource plays in which it operates generally have higher initial production rates and steeper production decline curves than wells in more conventional basins. Should Enable determine that the economics of its gathering assets do not justify the capital expenditures needed to grow or maintain volumes associated therewith, Enable may reduce such capital expenditures, which could cause revenues associated with these assets to decline over time. In addition to capital expenditures to support growth, the steeper production decline curves associated with unconventional resource plays may require Enable to incur higher maintenance capital expenditures relative to throughput over time, which will reduce its distributable cash flow.

Because of these and other factors, even if new reserves are known to exist in areas served by Enable's assets, producers may choose not to develop those reserves. Reductions in drilling activity would result in Enable's inability to maintain the current levels of throughput on its systems and could have a material adverse effect on its results of operations and distributable cash flow.

Enable's industry is highly competitive, and increased competitive pressure could adversely affect its results of operations and distributable cash flow.

Enable competes with similar enterprises in its respective areas of operation. The principal elements of competition are rates, terms of service and flexibility and reliability of service. Enable's competitors include large crude oil, natural gas and petrochemical companies that have greater financial resources and access to supplies of natural gas, NGLs and crude oil than Enable. Some of these competitors may expand or construct gathering, processing, transportation and storage systems that would create additional competition for the services Enable provides to its customers. Excess pipeline capacity in the regions served by Enable's interstate pipelines could also increase competition and adversely impact Enable's ability to renew or enter into new contracts with respect to its available capacity when existing contracts expire. In addition, Enable's customers that are significant producers of natural gas may develop their own gathering, processing, transportation and storage systems in lieu of using Enable's systems. Enable's ability to renew or replace existing contracts with its customers at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of its competitors and customers. Further, natural gas utilized as a fuel competes with other forms of energy available to end-users, including electricity, coal and liquid fuels. Increased demand for such forms of energy at the expense of natural gas could lead to a reduction in demand for natural gas gathering, processing, transportation and transportation services. All of these competitive pressures could adversely affect Enable's results of operations and distributable cash flow.

Enable may not be able to recover the costs of its substantial planned investment in capital improvements and additions, and the actual cost of such improvements and additions may be significantly higher than it anticipates.

Enable's business plan calls for extensive investment in capital improvements and additions. In Enable's Form 10-K for the year ended December 31, 2014, Enable stated that it expects that its expansion capital expenditures could range from approximately $600 million to $800 million for the year ending December 31, 2015, not including opportunities currently under evaluation which could add up to an additional $300 million of expansion capital expenditures. For example, Enable is currently constructing two cryogenic processing facilities that it plans to connect to its super-header system in Grady County, Oklahoma, which Enable expects will add 400 MMcf/d of natural gas processing capacity. Enable expects that the first of the two new plants (the Bradley Plant) will be completed in the first quarter of 2015. Enable expects that the second plant (the Grady County Plant), a 200 MMcf/d plant, will be completed in the first quarter of 2016. Enable also plans to construct significant natural gas gathering and compression infrastructure to support producer activity in its growth areas, and Enable anticipates that in 2015 it will complete the construction of two crude gathering systems in North Dakota's Bakken Shale formation with a combined capacity of 49,500 Bbl/d.

The construction of additions or modifications to Enable's existing systems, and the construction of new midstream assets, involves numerous regulatory, environmental, political and legal uncertainties, many of which are beyond Enable's control and may require the expenditure of significant amounts of capital, which may exceed its estimates. These projects may not be completed at the planned cost, on schedule or at all. The construction of new pipeline, gathering, treating, processing, compression or other facilities is subject to construction cost overruns due to labor costs, costs of equipment and materials such as steel, labor shortages or weather or other delays, inflation or other factors, which could be material. In addition, the construction of these facilities is typically subject to the receipt of approvals and permits from various regulatory agencies. Those agencies may not approve the projects in a timely manner, if at all, or may impose restrictions or conditions on the projects that could potentially prevent a project from proceeding, lengthen its expected completion schedule and/or increase its anticipated cost. Moreover, Enable's revenues and cash flows may not increase immediately upon the expenditure of funds on a particular project. For instance, if Enable expands an existing pipeline or constructs a new pipeline, the construction may occur over an extended period of time, and Enable may not receive any material increases in revenues or cash flows until the project is completed. In addition, Enable may construct facilities to capture anticipated future growth in production in a region in which such growth does not materialize. As a result, the new facilities may not be able to achieve Enable's expected investment return, which could adversely affect its results of operations and its ability to make cash distributions.

In connection with Enable's capital investments, Enable may engage a third party to estimate potential reserves in areas to be developed prior to constructing facilities in those areas. To the extent Enable relies on estimates of future production in deciding to construct additions to its systems, those estimates may prove to be inaccurate due to numerous uncertainties inherent in estimating future production. As a result, new facilities may not be able to attract sufficient throughput to achieve expected investment return, which could adversely affect Enable's results of operations and its ability to make cash distributions. In addition, the construction of additions to existing gathering and transportation assets may require new rights-of-way prior to construction. Those rights-of-way to connect new natural gas supplies to existing gathering lines may be unavailable and Enable may not be able to capitalize on attractive expansion opportunities. Additionally, it may become more expensive to obtain new rights-of-way or to renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases, Enable's results of operations and its ability to make cash distributions could be adversely affected.

Natural gas, NGL and crude oil prices are volatile, and changes in these prices could adversely affect Enable's results of operations and its ability to make cash distributions.

Enable's results of operations and its ability to make cash distributions could be negatively affected by adverse movements in the prices of natural gas, NGLs and crude oil depending on factors that are beyond its control. These factors include demand for these commodities, which fluctuates with changes in market and economic conditions and other factors, including the impact of seasonality and weather, general economic conditions, the level of domestic and offshore natural gas production and consumption, the availability of imported natural gas, LNG, NGLs and crude oil, actions taken by foreign natural gas and oil producing nations, the availability of local, intrastate and interstate transportation systems, the availability and marketing of competitive fuels, the impact of energy conservation efforts, technological advances affecting energy consumption and the extent of governmental regulation and taxation.

Enable's keep-whole natural gas processing arrangements, which accounted for 7% of its natural gas processed volumes in 2014, expose it to fluctuations in the pricing spreads between NGL prices and natural gas prices. Under these arrangements, the processor processes raw natural gas to extract NGLs and pays to the producer the natural gas equivalent Btu value of raw natural gas received from the producer in the form of either processed natural gas or its cash equivalent. The processor is generally entitled to retain the processed NGLs and to sell them for its own account. Accordingly, the processor's margin is a function of the difference between the value of the NGLs produced and the cost of the processed natural gas used to replace the natural gas equivalent Btu value of those NGLs. Therefore, if natural gas prices increase and NGL prices do not increase by a corresponding amount, the processor has to replace the Btu of natural gas at higher prices and processing margins are negatively affected.

Enable's percent-of-proceeds and percent-of-liquids natural gas processing agreements accounted for 44% of its natural gas processed volumes in 2014. Under these arrangements, the processor generally gathers raw natural gas from producers at the wellhead, transports the natural gas through its gathering system, processes the natural gas and sells the processed natural gas and/or NGLs at prices based on published index prices. The price paid to producers is based on an agreed percentage of the actual proceeds of the sale of processed natural gas, NGLs or both, or the expected proceeds based on an index price. Enable refers to contracts in which the processor shares in specified percentages of the proceeds from the sale of natural gas and NGLs as "percent-of-proceeds" arrangements, and contracts in which the processor receives proceeds from the sale of a percentage of the NGLs or the NGLs themselves as compensation for processing services as "percent-of-liquids" arrangements. These arrangements expose Enable to risks associated with the price of natural gas and NGLs.

At any given time, Enable's overall portfolio of processing contracts may reflect a net short position in natural gas (meaning that it is a net buyer of natural gas) and a net long position in NGLs (meaning that it is a net seller of NGLs). As a result, Enable's gross margin could be adversely impacted to the extent the price of NGLs decreases in relation to the price of natural gas.

Enable has limited experience in the crude oil gathering business.

In November 2013, Enable commenced operations on its initial crude oil gathering pipeline system, located in Dunn and McKenzie Counties in North Dakota within the Bakken Shale formation. Additionally in February 2014, Enable executed a crude oil gathering agreement to gather crude oil production through a new system in Williams and Mountrail Counties in North Dakota that is expected to commence operations in the first quarter of 2015. These facilities, with a combined capacity of 49,500 barrels per day, are the first crude oil gathering systems that Enable has built and operated. Other operators of gathering systems in the Bakken Shale formation may have more experience in the construction, operation and maintenance of crude oil gathering systems than Enable. This relative lack of experience may hinder Enable's ability to fully implement its business plan in a timely and cost efficient manner, which, in turn, may adversely affect its results of operations and its ability to make cash distributions to unitholders.

Enable provides certain transportation and storage services under long-term, fixed-price "negotiated rate" contracts that are not subject to adjustment, even if its cost to perform such services exceeds the revenues received from such contracts, and, as a result, Enable's costs could exceed its revenues received under such contracts.

Enable has been authorized by the FERC to provide transportation and storage services at its facilities at negotiated rates. Generally, negotiated rates are in excess of the maximum recourse rates allowed by the FERC, but it is possible that costs to perform services under "negotiated rate" contracts will exceed the revenues obtained under these agreements. If this occurs, it could decrease the cash flow realized by Enable's systems and, therefore, decrease the cash it has available for distribution.

As of December 31, 2014, approximately 56% of Enable's contracted transportation firm capacity and 44% of its contracted storage firm capacity was subscribed under such "negotiated rate" contracts. These contracts generally do not include provisions allowing for adjustment for increased costs due to inflation, pipeline safety activities or other factors that are not tied to an applicable tracking mechanism authorized by the FERC. Successful recovery of any shortfall of revenue, representing the difference between "recourse rates" (if higher) and negotiated rates, is not assured under current FERC policies.

If third-party pipelines and other facilities interconnected to Enable's gathering, processing or transportation facilities become partially or fully unavailable for any reason, Enable's results of operations and its ability to make cash distributions could be adversely affected.

Enable depends upon third-party natural gas pipelines to deliver natural gas to, and take natural gas from, its transportation systems. Enable also depends on third-party facilities to transport and fractionate NGLs that are delivered to the third party at the tailgates of the processing plants. Fractionation is the separation of the heterogeneous mixture of extracted NGLs into individual components for end-use sale. For example, an outage or disruption on certain pipelines or fractionators operated by a third party could result in the shutdown of certain of Enable's processing plants, and a prolonged outage or disruption could ultimately result in a reduction in the volume of NGLs Enable is able to produce. Additionally, Enable depends on third parties to provide electricity for compression at many of its facilities. Since Enable does not own or operate any of these third-party pipelines or other facilities, their continuing operation is not within its control. If any of these third-party pipelines or other facilities become partially or fully unavailable for any reason, Enable's results of operations and its ability to make cash distributions to unitholders could be adversely affected.

Enable does not own all of the land on which its pipelines and facilities are located, which could disrupt its operations.

Enable does not own all of the land on which its pipelines and facilities have been constructed, and it is therefore subject to the possibility of more onerous terms and/or increased costs to retain necessary land use if it does not have valid rights-of-way or if such rights-of-way lapse or terminate. Enable may obtain the rights to construct and operate its pipelines on land owned by third parties and governmental agencies for a specific period of time. A loss of these rights, through Enable's inability to renew right-of-way contracts or otherwise, could cause it to cease operations temporarily or permanently on the affected land, increase costs related to the construction and continuing operations elsewhere and adversely affect its results of operations and ability to make cash distributions.

Enable conducts a portion of its operations through joint ventures, which subject it to additional risks that could have a material adverse effect on the success of these operations and Enable's financial position and results of operations.

Enable conducts a portion of its operations through joint ventures with third parties, including affiliates of Spectra Energy Corp, DCP Midstream Partners, LP, Trans Louisiana Gas Pipeline, Inc. and Pablo Gathering LLC. Enable may also enter into other joint venture arrangements in the future. These third parties may have obligations that are important to the success of the joint venture, such as the obligation to pay their share of capital and other costs of the joint venture. The performance of these third-party obligations, including the ability of the third parties to satisfy their obligations under these arrangements, is outside Enable's control. If these parties do not satisfy their obligations under these arrangements, Enable's business may be adversely affected.

Enable's joint venture arrangements may involve risks not otherwise present when operating assets directly, including, for example:

- Enable's joint venture partners may share certain approval rights over major decisions;
- Enable's joint venture partners may not pay their share of the joint venture's obligations, leaving Enable liable for their shares of joint venture liabilities;

- Enable may be unable to control the amount of cash we will receive from the joint venture;
- Enable may incur liabilities as a result of an action taken by its joint venture partners;
- Enable may be required to devote significant management time to the requirements of and matters relating to the joint ventures;
- Enable's insurance policies may not fully cover loss or damage incurred by both Enable and its joint venture partners in certain circumstances;
- Enable's joint venture partners may be in a position to take actions contrary to its instructions or requests or contrary to its policies or objectives; and
- disputes between Enable and its joint venture partners may result in delays, litigation or operational impasses.

The risks described above or the failure to continue Enable's joint ventures or to resolve disagreements with its joint venture partners could adversely affect its ability to transact the business that is the subject of such joint venture, which would in turn negatively affect Enable's financial condition and results of operations. The agreements under which Enable formed certain joint ventures may subject it to various risks, limit the actions it may take with respect to the assets subject to the joint venture and require Enable to grant rights to its joint venture partners that could limit its ability to benefit fully from future positive developments. Some joint ventures require Enable to make significant capital expenditures. If Enable does not timely meet its financial commitments or otherwise does not comply with its joint venture agreements, its rights to participate, exercise operator rights or otherwise influence or benefit from the joint venture may be adversely affected. Certain of Enable's joint venture partners may have substantially greater financial resources than Enable has and Enable may not be able to secure the funding necessary to participate in operations its joint venture partners propose, thereby reducing its ability to benefit from the joint venture.

Enable's ability to grow is dependent on its ability to access external financing sources.

Enable expects that it will distribute all of its "available cash" to its unitholders. As a result, Enable is expected to rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion capital expenditures. As a result, to the extent Enable is unable to finance growth externally, Enable's cash distribution policy will significantly impair its ability to grow. In addition, because Enable is expected to distribute all of its available cash, its growth may not be as fast as businesses that reinvest their available cash to expand ongoing operations.

To the extent Enable issues additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that Enable will be unable to maintain or increase its per unit distribution level, which in turn may impact the available cash that it has to distribute on each unit. There are no limitations in Enable's partnership agreement on its ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt by Enable to finance its growth strategy would result in increased interest expense, which in turn may negatively impact the available cash that Enable has to distribute to its unitholders.

If Enable does not make acquisitions or is unable to make acquisitions on economically acceptable terms, its future growth will be adversely affected.

Enable's growth strategy includes, in part, the ability to make acquisitions that result in an increase in its cash generated from operations. If Enable is unable to make these accretive acquisitions either because: (i) it is unable to identify attractive acquisition targets or it is unable to negotiate purchase contracts on acceptable terms, (ii) it is unable to obtain acquisition financing on economically acceptable terms, or (iii) it is outbid by competitors, then our future growth and ability to increase distributions will be adversely affected.

Enable's debt levels may limit its flexibility in obtaining additional financing and in pursuing other business opportunities.

As of December 31, 2014, Enable had approximately $1.9 billion of long-term debt outstanding, excluding the premiums on their senior notes. Enable has $363 million of long-term notes payable-affiliated companies due to CERC Corp. Enable has a $1.4 billion revolving credit facility for working capital, capital expenditures and other partnership purposes, including acquisitions, of which $1.1 billion was available as of December 31, 2014. As of January 31, 2015, Enable had the ability to issue up to $1.2 billion in commercial paper, subject to available borrowing capacity under its revolving credit facility and market conditions, to manage the timing of cash flows and fund short-term working capital deficits. As of January 31, 2015, $224 million was outstanding under Enable's commercial paper program. Enable will continue to have the ability to incur additional debt, subject to limitations in its credit facilities. The levels of Enable's debt could have important consequences, including the following:

- the ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or the financing may not be available on favorable terms, if at all;
- a portion of cash flows will be required to make interest payments on the debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions;
- Enable's debt level will make it more vulnerable to competitive pressures or a downturn in its business or the economy generally; and
- Enable's debt level may limit its flexibility in responding to changing business and economic conditions.

Enable's ability to service its debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond Enable's control. If operating results are not sufficient to service current or future indebtedness, Enable may be forced to take actions such as reducing distributions, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing debt, or seeking additional equity capital. These actions may not be effected on satisfactory terms, or at all.

Enable's credit facilities contain operating and financial restrictions, including covenants and restrictions that may be affected by events beyond Enable's control, which could adversely affect its business, financial condition, results of operations and ability to make quarterly distributions.

Enable's credit facilities contain customary covenants that, among other things, limit its ability to:

- permit its subsidiaries to incur or guarantee additional debt;
- incur or permit to exist certain liens on assets;
- dispose of assets;
- merge or consolidate with another company or engage in a change of control;
- enter into transactions with affiliates on non-arm's length terms; and
- change the nature of its business.

Enable's credit facilities also require it to maintain certain financial ratios. Enable's ability to meet those financial ratios can be affected by events beyond its control, and we cannot assure you that it will meet those ratios. In addition, Enable's credit facilities contain events of default customary for agreements of this nature.

Enable's ability to comply with the covenants and restrictions contained in its credit facilities may be affected by events beyond its control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, Enable's ability to comply with these covenants may be impaired. If Enable violates any of the restrictions, covenants, ratios or tests in its credit facilities, a significant portion of its indebtedness may become immediately due and payable. In addition, Enable's lenders' commitments to make further loans to it under the revolving credit facility may be suspended or terminated. Enable might not have, or be able to obtain, sufficient funds to make these accelerated payments.

Costs of compliance with existing environmental laws and regulations are significant, and the cost of compliance with future environmental laws and regulations may adversely affect Enable's results of operations and its ability to make cash distributions.

Enable is subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife conservation, natural resources and health and safety that could, among other things, delay or increase its costs of construction, restrict or limit the output of certain facilities and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations and those costs may be even more significant in the future.

There is inherent risk of the incurrence of environmental costs and liabilities in Enable's operations due to its handling of natural gas, NGLs and crude oil, air emissions related to its operations and historical industry operations and waste disposal practices. These activities are subject to stringent and complex federal, state and local laws and regulations governing environmental protection, including the discharge of materials into the environment and the protection of plants, wildlife, and natural and cultural resources. These laws and regulations can restrict or impact Enable's business activities in many ways, such as restricting the way it can handle or dispose of wastes or requiring remedial action to mitigate pollution conditions that may be caused by its operations or that are attributable to former operators. Joint and several strict liability may be incurred, without regard to fault, under certain of these environmental laws and regulations in connection with discharges or releases of wastes on, under or from Enable's properties and facilities, many of which have been used for midstream activities for a number of years, oftentimes by third parties not under its control. Private parties, including the owners of the properties through which Enable's gathering systems pass and facilities where its wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws and regulations or for personal injury or property damage. For example, an accidental release from one of Enable's pipelines could subject it to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage and fines or penalties for related violations of environmental laws or regulations. Enable may be unable to recover these costs from insurance. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase compliance costs and the cost of any remediation that may become necessary. Further, stricter requirements could negatively impact Enable's customers' production and operations, resulting in less demand for its services.

Increased regulation of hydraulic fracturing could result in reductions or delays in natural gas production by Enable's customers, which could adversely affect its results of operations and ability to make cash distributions.

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand, and chemicals under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production. Many of Enable's customers commonly use hydraulic fracturing techniques in their drilling and completion programs. Hydraulic fracturing typically is regulated by state oil and natural gas commissions. In addition, certain federal agencies have proposed additional laws and regulations to more closely regulate the hydraulic fracturing process. For example, in January 2015, the EPA indicated its intention to propose more stringent rules regulating methane and VOC emissions from hydraulic fracturing and other well completion activity. Congress from time to time has considered the adoption of legislation to provide for federal regulation of hydraulic fracturing under the Safe Drinking Water Act (SDWA) and to require disclosure of the chemicals used in the hydraulic fracturing process. Some states have adopted, and other states are considering adopting, legal requirements that could impose more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities. Local government also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular, in some cases banning hydraulic fracturing entirely. Other governmental agencies, including the U.S. Department of Energy and the EPA, have evaluated or are evaluating various other aspects of hydraulic fracturing such as the potential environmental effects of hydraulic fracturing on drinking water and groundwater.

If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where Enable's oil and natural gas exploration and production customers operate, they could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from drilling wells, some or all of which activities could adversely affect demand for Enable's services to those customers.

Enable's operations are subject to extensive regulation by federal, state and local regulatory authorities. Changes or additional regulatory measures adopted by such authorities could have a material adverse effect on Enable's results of operations and ability to make cash distributions.

The rates charged by several of Enable's pipeline systems, including for interstate gas transportation service provided by its intrastate pipelines, are regulated by the FERC. Enable's pipeline operations that are not regulated by the FERC may be subject to state and local regulation applicable to intrastate natural and transportation services. The relevant states in which Enable operates include North Dakota, Oklahoma, Arkansas, Louisiana, Texas, Missouri, Kansas, Mississippi, Tennessee and Illinois.

The FERC and state regulatory agencies also regulate other terms and conditions of the services Enable may offer. If one of these regulatory agencies, on its own initiative or due to challenges by third parties, were to lower its tariff rates or deny any rate increase or other material changes to the types, or terms and conditions, of service Enable might propose or offer, the profitability of Enable's pipeline businesses could suffer. If Enable were permitted to raise its tariff rates for a particular pipeline, there might be significant delay between the time the tariff rate increase is approved and the time that the rate increase actually goes into effect, which could also limit its profitability. Furthermore, competition from other pipeline systems may prevent Enable from raising its tariff rates even if regulatory agencies permit it to do so. The regulatory agencies that regulate Enable's systems periodically implement new rules, regulations and terms and conditions of services subject to their jurisdiction. New initiatives or orders may adversely affect the rates charged for Enable's services or otherwise adversely affect its financial condition, results of operations and cash flows and its ability to make cash distributions.

A change in the jurisdictional characterization of some of Enable's assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of its assets, which may cause its revenues to decline and operating expenses to increase.

Enable's natural gas gathering and intrastate transportation operations are generally exempt from the jurisdiction of the FERC under the NGA, but FERC regulation may indirectly impact these businesses and the markets for products derived from these businesses. The FERC's policies and practices across the range of its oil and natural gas regulatory activities, including, for example, its policies on interstate open access transportation, ratemaking, capacity release, and market center promotion may indirectly affect intrastate markets. In recent years, the FERC has pursued pro-competitive policies in its regulation of interstate oil and natural gas pipelines. However, we cannot assure you that the FERC will continue to pursue this approach as it considers matters such as pipeline rates and rules and policies that may indirectly affect the intrastate natural gas transportation business. Although the FERC has not made a formal determination with respect to all of Enable's facilities it considers to be gathering facilities, Enable believes that its natural gas gathering pipelines meet the traditional tests that the FERC has used to determine that a pipeline is a gathering pipeline and are therefore not subject to FERC jurisdiction. The distinction between FERC-regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of Enable's gathering facilities is subject to change based on future determinations by the FERC, the courts or Congress. If the FERC were to consider the status of an individual facility and determine that the facility and/or services provided by it are not exempt from FERC regulation under the NGA and that the facility provides interstate service, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC under the NGA or the NGPA. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect Enable's financial condition, results of operations and cash flows and its ability to make cash distributions. In addition, if any of Enable's facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, this could result in the imposition of substantial civil penalties, as well as a requirement to disgorge revenues collected for such services in excess of the maximum rates established by the FERC.

Natural gas gathering may receive greater regulatory scrutiny at the state level; therefore, Enable's natural gas gathering operations could be adversely affected should they become subject to the application of state regulation of rates and services. Enable's gathering operations could also be subject to safety and operational regulations relating to the design, construction, testing, operation, replacement and maintenance of gathering facilities. We cannot predict what effect, if any, such changes might have on Enable's operations, but Enable could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes.

Enable may incur significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs.

The DOT has adopted regulations requiring pipeline operators to develop integrity management programs for transportation pipelines located in "high consequence areas," which are those areas where a leak or rupture could do the most harm. The regulations require operators, including Enable, to, among other things:

- develop a baseline plan to prioritize the assessment of a covered pipeline segment;
- identify and characterize applicable threats that could impact a high consequence area;
- improve data collection, integration, and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating action.

Although many of Enable's pipelines fall within a class that is currently not subject to these requirements, it may incur significant cost and liabilities associated with repair, remediation, preventive or mitigation measures associated with its non-exempt pipelines. Should Enable fail to comply with DOT or comparable state regulations, it could be subject to penalties and fines. Also, the scope of the integrity management program and other related pipeline safety programs could be expanded in the future.

Other Risk Factors Affecting Our Businesses or Our Interests in Enable Midstream Partners, LP

We are subject to operational and financial risks and liabilities arising from environmental laws and regulations.

Our operations are subject to stringent and complex laws and regulations pertaining to the environment. As an owner or operator of natural gas pipelines and distribution systems, electric transmission and distribution systems, and the facilities that support these systems, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- restricting the way we can handle or dispose of wastes;
- limiting or prohibiting construction activities in sensitive areas such as wetlands, coastal regions, or areas inhabited by endangered species;
- requiring remedial action to mitigate environmental conditions caused by our operations, or attributable to former operations;
- enjoining the operations of facilities with permits issued pursuant to such environmental laws and regulations; and
- impacting the demand for our services by directly or indirectly affecting the use or price of natural gas.

In order to comply with these requirements, we may need to spend substantial amounts and devote other resources from time to time to:

- construct or acquire new facilities and equipment;
- acquire permits for facility operations;
- modify or replace existing and proposed equipment; and
- clean or decommission waste disposal areas, fuel storage and management facilities and other locations and facilities.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial actions, and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to clean and restore sites where hazardous substances have been stored, disposed or released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances or other waste products into the environment.

The recent trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment, and thus there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be greater than the amounts we currently anticipate.

Our insurance coverage may not be sufficient. Insufficient insurance coverage and increased insurance costs could adversely impact our results of operations, financial condition and cash flows.

We currently have general liability and property insurance in place to cover certain of our facilities in amounts that we consider appropriate. Such policies are subject to certain limits and deductibles and do not include business interruption coverage. Insurance coverage may not be available in the future at current costs or on commercially reasonable terms, and the insurance proceeds received for any loss of, or any damage to, any of our facilities may not be sufficient to restore the loss or damage without negative impact on our results of operations, financial condition and cash flows.

In common with other companies in its line of business that serve coastal regions, CenterPoint Houston does not have insurance covering its transmission and distribution system, other than substations, because CenterPoint Houston believes it to be cost prohibitive. In the future, CenterPoint Houston may not be able to recover the costs incurred in restoring its transmission and distribution properties following hurricanes or other disasters through issuance of storm restoration bonds or a change in its regulated rates or otherwise, or any such recovery may not be timely granted. Therefore, CenterPoint Houston may not be able to restore any loss of, or damage to, any of its transmission and distribution properties without negative impact on its results of operations, financial condition and cash flows.

Enable's operations are subject to all of the risks and hazards inherent in the gathering, processing, transportation and storage of natural gas and crude oil, including:

- damage to pipelines and plants, related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters, acts of terrorism and actions by third parties;
- inadvertent damage from construction, vehicles, farm and utility equipment;
- leaks of natural gas, crude oil and other hydrocarbons or losses of natural gas and crude oil as a result of the malfunction of equipment or facilities;
- ruptures, fires and explosions; and
- other hazards that could also result in personal injury and loss of life, pollution and suspension of operations.

We and OGE currently have general liability and property insurance in place to cover certain of Enable's facilities in amounts that we consider appropriate. Such policies are subject to certain limits and deductibles. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property, plant and equipment and pollution or other environmental damage. These risks may also result in curtailment or suspension of Enable's operations. A natural disaster or other hazard affecting the areas in which Enable operates could have a material adverse effect on Enable's operations. Enable is not fully insured against all risks inherent in its business. Enable currently has general liability and property insurance in place to cover certain of its facilities in amounts that Enable considers appropriate. Such policies are subject to certain limits and deductibles. Enable does not have business interruption insurance coverage for all of its operations. Insurance coverage may not be available in the future at current costs or on commercially reasonable terms, and the insurance proceeds received for any loss of, or any damage to, any of Enable's facilities may not be sufficient to restore the loss or damage without negative impact on its results of operations and its ability to make cash distributions.

We, CenterPoint Houston and CERC could incur liabilities associated with businesses and assets that we have transferred to others.

Under some circumstances, we, CenterPoint Houston and CERC could incur liabilities associated with assets and businesses we, CenterPoint Houston and CERC no longer own. These assets and businesses were previously owned by Reliant Energy, Incorporated (Reliant Energy), a predecessor of CenterPoint Houston, directly or through subsidiaries and include:

- merchant energy, energy trading and REP businesses transferred to RRI or its subsidiaries in connection with the organization and capitalization of RRI prior to its initial public offering in 2001 and now owned by affiliates of NRG; and
- Texas electric generating facilities transferred to a subsidiary of Texas Genco Holdings, Inc. (Texas Genco) in 2002, later sold to a third party and now owned by an affiliate of NRG.

In connection with the organization and capitalization of RRI (now GenOn), that company and its subsidiaries assumed liabilities associated with various assets and businesses Reliant Energy transferred to them. RRI also agreed to indemnify, and cause the applicable transferee subsidiaries to indemnify, us and our subsidiaries, including CenterPoint Houston and CERC, with respect to liabilities associated with the transferred assets and businesses. These indemnity provisions were intended to place sole financial responsibility on RRI and its subsidiaries for all liabilities associated with the current and historical businesses and operations of RRI, regardless of the time those liabilities arose. If RRI (now GenOn) were unable to satisfy a liability that has been so assumed in circumstances in which Reliant Energy and its subsidiaries were not released from the liability in connection with the transfer, we, CenterPoint Houston or CERC could be responsible for satisfying the liability.

Prior to the distribution of our ownership in RRI to our shareholders, CERC had guaranteed certain contractual obligations of what became RRI's trading subsidiary. When the companies separated, RRI agreed to secure CERC against obligations under the guarantees RRI had been unable to extinguish by the time of separation. Pursuant to such agreement, as amended in December 2007, RRI (now GenOn) agreed to provide to CERC cash or letters of credit as security against CERC's obligations under its remaining guarantees for demand charges under certain gas transportation agreements if and to the extent changes in market conditions expose CERC to a risk of loss on those guarantees based on an annual calculation, with any required collateral to be posted each December. The undiscounted maximum potential payout of the demand charges under these transportation contracts, which will be in effect until 2018, was approximately $42 million as of December 31, 2014. Based on market conditions in the fourth quarter of 2014 at the time the most recent annual calculation was made under the agreement, GenOn was not obligated to post any security. If GenOn should fail to perform the contractual obligations, CERC could have to honor its guarantee and, in such event, any collateral then provided as security may be insufficient to satisfy CERC's obligations.

If GenOn were unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event GenOn might not honor its indemnification obligations and claims by GenOn's creditors might be made against us as its former owner.

Reliant Energy and RRI (GenOn's predecessor) are named as defendants in a number of lawsuits arising out of sales of natural gas in California and other markets. Although these matters relate to the business and operations of GenOn, claims against Reliant Energy have been made on grounds that include liability of Reliant Energy as a controlling shareholder of GenOn's predecessor. We, CenterPoint Houston or CERC could incur liability if claims in one or more of these lawsuits were successfully asserted against us, CenterPoint Houston or CERC and indemnification from GenOn were determined to be unavailable or if GenOn were unable to satisfy indemnification obligations owed with respect to those claims.

In connection with the organization and capitalization of Texas Genco (now an affiliate of NRG), Reliant Energy and Texas Genco entered into a separation agreement in which Texas Genco assumed liabilities associated with the electric generation assets Reliant Energy transferred to it. Texas Genco also agreed to indemnify, and cause the applicable transferee subsidiaries to indemnify, us and our subsidiaries, including CenterPoint Houston, with respect to liabilities associated with the transferred assets and businesses. In many cases the liabilities assumed were obligations of CenterPoint Houston, and CenterPoint Houston was not released by third parties from these liabilities. The indemnity provisions were intended generally to place sole financial responsibility on Texas Genco and its subsidiaries for all liabilities associated with the current and historical businesses and operations of Texas Genco, regardless of the time those liabilities arose. If Texas Genco (now an affiliate of NRG) were unable to satisfy a liability that had been so assumed or indemnified against, and provided we or Reliant Energy had not been released from the liability in connection with the transfer, CenterPoint Houston could be responsible for satisfying the liability.

In connection with our sale of Texas Genco, the separation agreement was amended to provide that Texas Genco would no longer be liable for, and we would assume and agree to indemnify Texas Genco against, liabilities that Texas Genco originally assumed in connection with its organization to the extent, and only to the extent, that such liabilities are covered by certain insurance policies held by us.

We or our subsidiaries have been named, along with numerous others, as a defendant in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos. Some of the claimants have worked at locations owned by us, but most existing claims relate to facilities previously owned by our subsidiaries. We anticipate that additional claims like those received may be asserted in the future. Under the terms of the arrangements regarding separation of the generating business from us and our sale of that business to an affiliate of NRG, ultimate financial responsibility for uninsured losses from claims relating to the generating business has been assumed by the NRG affiliate, but we have agreed to continue to defend such claims to the extent they are covered by insurance maintained by us, subject to reimbursement of the costs of such defense by the NRG affiliate.

Cyber-attacks, physical security breaches, acts of terrorism or other disruptions could adversely impact our results of operations, financial condition and cash flows or the results of operations, financial condition and cash flows of Enable.

We and Enable are subject to cyber- and physical security risks related to breaches in the systems and technology used (i) to manage operations and other business processes and (ii) to protect sensitive information maintained in the normal course of business. The operation of our electric transmission and distribution system is dependent on not only physical interconnection of our facilities, but also on communications among the various components of our system. As we deploy smart meters and the intelligent grid, reliance on communication between and among those components increases. Similarly, the distribution of natural gas to our customers and the gathering, processing and transportation of natural gas or other commodities from Enable's gathering, processing and pipeline facilities, are dependent on communications among Enable's facilities and with third-party systems that may be delivering natural gas or other commodities into or receiving natural gas and other products from Enable's facilities. Disruption of those communications, whether caused by physical disruption such as storms or other natural phenomena, by failure of equipment or technology, or by manmade events, such as cyber-attacks or acts of terrorism, may disrupt our ability or Enable's ability to conduct operations and control assets. Cyber-attacks could also result in the loss of confidential or proprietary data or security breaches of other information technology systems that could disrupt operations and critical business functions, adversely affect reputation, and subject us or Enable to possible legal claims and liability. Neither we nor Enable is fully insured against all cyber-security risks, any of which could have a material adverse effect on either our, or Enable's, results of operations, financial condition and cash flows. In addition, electrical distribution and transmission facilities and gas distribution and pipeline systems may be targets of terrorist activities that could disrupt either our or Enable's ability to conduct our respective businesses and have a material adverse effect on either our or Enable's results of operations, financial condition and cash flows.

Failure to maintain the security of personally identifiable information could adversely affect us.

In connection with our business we collect and retain personally identifiable information of our customers, shareholders and employees. Our customers, shareholders and employees expect that we will adequately protect their personal information, and the United States regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss or fraudulent use of customer, shareholder, employee or CenterPoint Energy data by cyber-crime or otherwise could adversely impact our reputation and could result in significant costs, fines and litigation.

Our results of operations, financial condition and cash flows may be adversely affected if we are unable to successfully operate our facilities or perform certain corporate functions.

Our performance depends on the successful operation of our facilities. Operating these facilities involves many risks, including:

- operator error or failure of equipment or processes;
- operating limitations that may be imposed by environmental or other regulatory requirements;
- labor disputes;
- information technology system failures that impair our information technology infrastructure or disrupt normal business operations;
- information technology failure that affects our ability to access customer information or causes us to lose confidential or proprietary data that materially and adversely affects our reputation or exposes us to legal claims; and
- catastrophic events such as fires, earthquakes, explosions, floods, droughts, hurricanes, terrorism, pandemic health events or other similar occurrences.

Such events may result in a decrease or elimination of revenue from our facilities, an increase in the cost of operating our facilities or delays in cash collections, any of which could have a material adverse effect on our results of operations, financial condition and/or cash flows.

Our success depends upon our ability to attract, effectively transition and retain key employees and identify and develop talent to succeed senior management.

We depend on our senior executive officers and other key personnel. Our success depends on our ability to attract, effectively transition and retain key personnel. The inability to recruit and retain or effectively transition key personnel or the unexpected loss of key personnel may adversely affect our operations. In addition, because of the reliance on our management team, our future success depends in part on our ability to identify and develop talent to succeed senior management. The retention of key personnel and appropriate senior management succession planning will continue to be critically important to the successful implementation of our strategies.

Failure to attract and retain an appropriately qualified workforce could adversely impact our results of operations.

Our business is dependent on our ability to recruit, retain, and motivate employees. Certain circumstances, such as an aging workforce without appropriate replacements, a mismatch of existing skillsets to future needs, or the unavailability of contract resources may lead to operating challenges such as a lack of resources, loss of knowledge or a lengthy time period associated with skill development. Our costs, including costs for contractors to replace employees, productivity costs and safety costs, may rise. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor may adversely affect the ability to manage and operate our business. If we are unable to successfully attract and retain an appropriately qualified workforce, our results of operations could be negatively affected.

Climate change legislation and regulatory initiatives could result in increased operating costs and reduced demand for our services or Enable's services.

The United States Congress has from time to time considered adopting legislation to reduce emissions of GHGs, and there has been a wide-ranging policy debate, both nationally and internationally, regarding the impact of these gases and possible means for their regulation. In addition, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues, such as the most recent United Nations Climate Change Conference in Lima, Peru, in 2014. Following a finding by the EPA that certain GHGs represent an endangerment to human health, the EPA adopted two sets of rules regulating GHG emissions under the Clean Air Act, one that requires a reduction in emissions of GHGs from motor vehicles and another that regulates emissions of GHGs from certain large stationary sources. In addition, the EPA expanded its existing GHG emissions reporting requirements to include upstream petroleum and natural gas systems that emit 25,000 metric tons or more of CO_2 equivalent per year. These permitting and reporting requirements could lead to further regulation of GHGs by the EPA. As a distributor and transporter of natural gas, or a consumer of natural gas in its pipeline and gathering businesses, CERC's or Enable's revenues, operating costs and capital requirements, as applicable, could be adversely affected as a result of any regulatory action that would require installation of new control technologies or a modification of its operations or would have the effect of reducing the consumption of natural gas. Our electric transmission and distribution business, in contrast to some electric utilities, does not generate electricity and thus is not directly exposed to the risk of high capital costs and regulatory uncertainties that face electric utilities that burn fossil fuels to generate electricity. Nevertheless, CenterPoint Houston's revenues could be adversely affected to the extent any resulting regulatory action has the effect of reducing consumption of electricity by ultimate consumers within its service territory. Likewise, incentives to conserve energy or use energy sources other than natural gas could result in a decrease in demand for our services.

Climate changes could result in more frequent and more severe weather events which could adversely affect the results of operations of our businesses.

To the extent climate changes occur, our businesses may be adversely impacted, though we believe any such impacts are likely to occur very gradually and hence would be difficult to quantify with specificity. To the extent global climate change results in warmer temperatures in our service territories, financial results from our natural gas distribution businesses could be adversely affected through lower gas sales, and our gas transmission and field services businesses could experience lower revenues. Another possible climate change is more frequent and more severe weather events, such as hurricanes or tornadoes. Since many of our facilities are located along or near the Gulf Coast, increased or more severe hurricanes or tornadoes could increase our costs to repair damaged facilities and restore service to our customers. When we cannot deliver electricity or natural gas to customers or our customers cannot receive our services, our financial results can be impacted by lost revenues, and we generally must seek approval from regulators to recover restoration costs. To the extent we are unable to recover those costs, or if higher rates resulting from our recovery of such costs result in reduced demand for our services, our future financial results may be adversely impacted.

Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact our financial results.

CenterPoint Energy has risks associated with aging infrastructure assets. The age of certain of our assets may result in a need for replacement, or higher level of maintenance costs as a result of our risk based federal and state compliant integrity management programs. Failure to achieve timely recovery of these expenses could adversely impact revenues and could result in increased capital expenditures or expenses.

The operation of our facilities depends on good labor relations with our employees.

Several of our businesses have entered into and have in place collective bargaining agreements with different labor unions. There are seven separate bargaining units in CenterPoint Energy, each with a unique collective bargaining agreement. These contracts will be renegotiated over the next two years. Any failure to reach an agreement on new labor contracts or to negotiate these labor contracts might result in strikes, boycotts or other labor disruptions. These potential labor disruptions could have a material adverse effect on our businesses, results of operations and/or cash flows. Labor disruptions, strikes or significant negotiated wage and benefit increases, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our businesses, results of operations and/or cash flows.

Our businesses will continue to have to adapt to technological change and may not be successful or may have to incur significant expenditures to adapt to technological change.

We operate in businesses that require sophisticated data collection, processing systems, software and other technology. Some of the technologies supporting the industries we serve are changing rapidly. We expect that new technologies will emerge or grow that may be superior to, or may not be compatible with, some of our existing technologies, and may require us to make significant expenditures so that we can continue to provide cost-effective and reliable methods of energy delivery.

Our future success will depend, in part, on our ability to anticipate and adapt to technological changes in a cost-effective manner and to offer, on a timely basis, reliable services that meet customer demands and evolving industry standards. If we fail to adapt successfully to any technological change or obsolescence, or fail to obtain access to important technologies or incur significant expenditures in adapting to technological change, our businesses, operating results and financial condition could be materially and adversely affected.

Our or Enable's merger and acquisition activities may not be successful or may result in completed acquisitions that do not perform as anticipated.

From time to time, we and Enable have made and may continue to make acquisitions of businesses and assets. However, suitable acquisition candidates may not continue to be available on terms and conditions we or Enable, as the case may be, find acceptable. In addition, any completed or future acquisitions involve substantial risks, including the following:

- acquired businesses or assets may not produce revenues, earnings or cash flow at anticipated levels;
- acquired businesses or assets could have environmental, permitting or other problems for which contractual protections prove inadequate;
- we or Enable may assume liabilities that were not disclosed to us, that exceed our estimates, or for which our rights to indemnification from the seller are limited;
- we or Enable may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems; and
- acquisitions, or the pursuit of acquisitions, could disrupt ongoing businesses, distract management, divert resources and make it difficult to maintain current business standards, controls and procedures.

We are involved in numerous legal proceedings, the outcome of which are uncertain, and resolutions adverse to us could negatively affect our financial results.

We are subject to numerous legal proceedings, the most significant of which are summarized in Footnote 14 of the Notes to the Consolidated Financial Statements. Litigation is subject to many uncertainties, and we cannot predict the outcome of individual matters with assurance. Final resolution of these matters may require additional expenditures over an extended period of time that may be in excess of established reserves and may have a material adverse effect on our financial results.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Character of Ownership

We lease or own our principal properties in fee, including our corporate office space and various real property. Most of our electric lines and gas mains are located, pursuant to easements and other rights, on public roads or on land owned by others.

Electric Transmission & Distribution

For information regarding the properties of our Electric Transmission & Distribution business segment, please read "Business — Our Business — Electric Transmission & Distribution — Properties" in Item 1 of this report, which information is incorporated herein by reference.

Natural Gas Distribution

For information regarding the properties of our Natural Gas Distribution business segment, please read "Business — Our Business — Natural Gas Distribution — Assets" in Item 1 of this report, which information is incorporated herein by reference.

Energy Services

For information regarding the properties of our Energy Services business segment, please read "Business — Our Business — Energy Services — Assets" in Item 1 of this report, which information is incorporated herein by reference.

Midstream Investments

For information regarding the properties of our Midstream Investments business segment, please read "Business — Our Business — Midstream Investments" in Item 1 of this report, which information is incorporated herein by reference.

Other Operations

For information regarding the properties of our Other Operations business segment, please read "Business — Our Business — Other Operations" in Item 1 of this report, which information is incorporated herein by reference.

Item 3. *Legal Proceedings*

For a discussion of material legal and regulatory proceedings affecting us, please read "Business — Regulation" and "Business — Environmental Matters" in Item 1 of this report, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Regulatory Matters" in Item 7 of this report and Note 14(d) to our consolidated financial statements, which information is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

As of February 17, 2015, our common stock was held by approximately 35,327 shareholders of record. Our common stock is listed on the New York and Chicago Stock Exchanges and is traded under the symbol "CNP."

The following table sets forth the high and low closing prices of the common stock of CenterPoint Energy on the New York Stock Exchange composite tape during the periods indicated, as reported by *Bloomberg,* and the cash dividends declared in these periods.

	Market Price		Dividend Declared
	High	Low	Per Share
2014			
First Quarter			$ 0.2375
January 3		$ 22.81	
February 21	$ 24.48		
Second Quarter			$ 0.2375
April 7		$ 23.39	
June 30	$ 25.54		
Third Quarter			$ 0.2375
July 1	$ 25.38		
August 6		$ 23.56	
Fourth Quarter			$ 0.2375
November 10	$ 25.38		
December 15		$ 21.54	
2013			
First Quarter			$ 0.2075
January 8		$ 19.47	
March 28	$ 23.96		
Second Quarter			$ 0.2075
April 30	$ 24.68		
June 20		$ 22.49	
Third Quarter			$ 0.2075
August 1	$ 25.16		
September 5		$ 22.76	
Fourth Quarter			$ 0.2075
November 15	$ 25.07		
December 13		$ 22.68	

The closing market price of our common stock on December 31, 2014 was $23.43 per share.

The amount of future cash dividends will be subject to determination based upon our results of operations and financial condition, our future business prospects, any applicable contractual restrictions and other factors that our board of directors considers relevant and will be declared at the discretion of the board of directors.

On January 22, 2015, our board of directors declared a regular quarterly cash dividend of $0.2475 per share, payable on March 10, 2015 to shareholders of record on February 13, 2015.

Repurchases of Equity Securities

During the quarter ended December 31, 2014, none of our equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 were purchased by or on behalf of us or any of our "affiliated purchasers," as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934.

Item 6. *Selected Financial Data*

The following table presents selected financial data with respect to our consolidated financial condition and consolidated results of operations and should be read in conjunction with our consolidated financial statements and the related notes in Item 8 of this report.

	Year Ended December 31,				
	2014	2013	2012	2011 (3)	2010
	(in millions, except per share amounts)				
Revenues	$ 9,226	$ 8,106	$ 7,452	$ 8,450	$ 8,785
Equity in Earnings of Unconsolidated Affiliates	308 (1)	188 (2)	31	30	29
Income before Extraordinary Item	611	311	417	770	442
Extraordinary Item, net of tax	—	—	—	587	—
Net income	$ 611	$ 311	$ 417	$ 1,357	$ 442
Basic earnings per common share:					
Income before Extraordinary Item	$ 1.42	$ 0.73	$ 0.98	$ 1.81	$ 1.08
Extraordinary Item, net of tax	—	—	—	1.38	—
Basic earnings per common share	$ 1.42	$ 0.73	$ 0.98	$ 3.19	$ 1.08
Diluted earnings per common share:					
Income before Extraordinary Item	$ 1.42	$ 0.72	$ 0.97	$ 1.80	$ 1.07
Extraordinary Item, net of tax	—	—	—	1.37	—
Diluted earnings per common share	$ 1.42	$ 0.72	$ 0.97	$ 3.17	$ 1.07
Cash dividends declared per common share	$ 0.95	$ 0.83	$ 0.81	$ 0.79	$ 0.78
Dividend payout ratio	67%	114%	83%	44% (4)	72%
Return on average common equity	14%	7%	10%	21% (4)	15%
Ratio of earnings to fixed charges	2.79	2.42	2.29	2.96 (4)	2.08
At year-end:					
Book value per common share	$ 10.58	$ 10.09	$ 10.09	$ 9.91	$ 7.53
Market price per common share	23.43	23.18	19.25	20.09	15.72
Market price as a percent of book value	221%	230%	191%	203%	209%
Total assets	$ 23,200	$ 21,870	$ 22,871	$ 21,703	$ 20,111
Short-term borrowings	53	43	38	62	53
Transition and system restoration bonds, including current maturities	3,046	3,400	3,847	2,522	2,805
Other long-term debt, including current maturities	5,758	4,914	5,910	6,603	6,624
Capitalization:					
Common stock equity	34%	34%	31%	32%	25%
Long-term debt, including current maturities	66%	66%	69%	68%	75%
Capitalization, excluding transition and system restoration bonds:					
Common stock equity	44%	47%	42%	39%	33%
Long-term debt, excluding transition and system restoration bonds, and including current maturities	56%	53%	58%	61%	67%
Capital expenditures	$ 1,402	$ 1,272	$ 1,188	$ 1,191	$ 1,462

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(1) As of December 31, 2014, we owned approximately 55.4% of the limited partner interest in Enable Midstream Partners, LP (Enable) and 0.1% of Southeast Supply Header, LLC (SESH), each an unconsolidated subsidiary, that we account for on an equity basis.

(2) Following the formation of Enable on May 1, 2013, Enable owned substantially all of our former Interstate Pipelines and Field Services business segments, except for our retained 25.05% interest in SESH. As of December 31, 2013, we owned approximately 58.3% of the limited partner interest in Enable.

(3) 2011 Income before Extraordinary Item includes a $224 million after-tax ($0.53 and $0.52 per basic and diluted share, respectively) return on true-up balance related to a portion of interest on the appealed true-up amount.

(4) Calculated using Income before Extraordinary Item.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis should be read in combination with our consolidated financial statements included in Item 8 herein.

OVERVIEW

Background

We are a public utility holding company. Our operating subsidiaries own and operate electric transmission and distribution facilities and natural gas distribution facilities and own interests in Enable Midstream Partners, LP (Enable) as described below. Our indirect wholly owned subsidiaries include:

- CenterPoint Energy Houston Electric, LLC (CenterPoint Houston), which engages in the electric transmission and distribution business in a 5,000-square mile area of the Texas Gulf Coast that includes the city of Houston; and

- CenterPoint Energy Resources Corp. (CERC Corp. and, together with its subsidiaries, CERC), which owns and operates natural gas distribution systems. A wholly owned subsidiary of CERC Corp. offers variable and fixed-price physical natural gas supplies primarily to commercial and industrial customers and electric and gas utilities. As of December 31, 2014, CERC Corp. also owned approximately 55.4% of the limited partner interests in Enable, which owns, operates and develops natural gas and crude oil infrastructure assets.

Business Segments

In this Management's Discussion and Analysis, we discuss our results from continuing operations on a consolidated basis and individually for each of our business segments. We also discuss our liquidity, capital resources and certain critical accounting policies. We are first and foremost an energy delivery company and it is our intention to remain focused on these segments of the energy business. The results of our business operations are significantly impacted by weather, customer growth, economic conditions, cost management, competition, rate proceedings before regulatory agencies and other actions of the various regulatory agencies to whose jurisdiction we are subject. Our electric transmission and distribution services are subject to rate regulation and are reported in the Electric Transmission & Distribution business segment, as are impacts of generation-related stranded costs and other true-up balances recoverable by the regulated electric utility. Our natural gas distribution services are also subject to rate regulation and are reported in the Natural Gas Distribution business segment. The results of our Midstream Investments segment are dependent upon the results of Enable, which are driven primarily by the volume of natural gas that Enable gathers, processes and transports across its systems and other factors as discussed below under "- Factors Influencing Our Midstream Investments Segment." A summary of our reportable business segments as of December 31, 2014 is set forth below:

Electric Transmission & Distribution

Our electric transmission and distribution operations provide electric transmission and distribution services to retail electric providers (REPs) serving over two million metered customers in a 5,000-square-mile area of the Texas Gulf Coast that has a population of approximately six million people and includes the city of Houston.

On behalf of REPs, CenterPoint Houston delivers electricity from power plants to substations, from one substation to another and to retail electric customers in locations throughout CenterPoint Houston's certificated service territory. The Electric Reliability Council of Texas, Inc. (ERCOT) serves as the regional reliability coordinating council for member electric power systems in Texas. ERCOT membership is open to consumer groups, investor and municipally-owned electric utilities, rural electric cooperatives, independent generators, power marketers, river authorities and REPs. The ERCOT market represents approximately 85% of the demand for power in Texas and is one of the nation's largest power markets. Transmission and distribution services are provided under tariffs approved by the Public Utility Commission of Texas (Texas Utility Commission).

Natural Gas Distribution

CERC owns and operates our regulated natural gas distribution business (NGD), which engages in intrastate natural gas sales to, and natural gas transportation for, approximately 3.4 million residential, commercial and industrial customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas.

Energy Services

CERC's operations also include non-rate regulated natural gas sales to, and transportation services for, commercial and industrial customers in 23 states in the central United States.

Midstream Investments

We have a significant equity investment in Enable, an unconsolidated subsidiary that owns, operates and develops natural gas and crude oil assets. Our Midstream Investments segment includes equity earnings associated with the operations of Enable and a 0.1% interest in Southeast Supply Header, LLC (SESH) owned by CERC.

Other Operations

Our other operations business segment includes office buildings and other real estate used in our business operations and other corporate operations which support all of our business operations.

EXECUTIVE SUMMARY

Factors Influencing Our Businesses

We are an energy delivery company. The majority of our revenues are generated from the sale of natural gas and the transmission and delivery of electricity by our subsidiaries. We do not own or operate electric generating facilities or make retail sales to end-use electric customers. To assess our financial performance, our management primarily monitors operating income and cash flows from our business segments. Within these broader financial measures, we monitor margins, operation and maintenance expense, interest expense, capital spending and working capital requirements. In addition to these financial measures we also monitor a number of variables that management considers important to the operation of our business segments, including the number of customers, throughput, use per customer, commodity prices and heating and cooling degree days. We also monitor system reliability, safety factors and customer satisfaction to gauge our performance.

To the extent adverse economic conditions affect our suppliers and customers, results from our energy delivery businesses may suffer. Reduced demand and lower energy prices could lead to financial pressure on some of our customers who operate within the energy industry. Also, adverse economic conditions, coupled with concerns for protecting the environment, may cause consumers to use less energy or avoid expansions of their facilities, resulting in less demand for our services.

Performance of our Electric Transmission & Distribution and Natural Gas Distribution business segments is significantly influenced by the number of customers and energy usage per customer. Weather conditions can have a significant impact on energy usage, and we compare our results on a weather adjusted basis. In 2012, we generally experienced normal weather in the summer months. However, every state in which we distribute natural gas had the warmest winter on record. In 2013, we experienced a colder than normal spring and very cold weather in November and December in Houston and all of the states in which we have gas customers. The cooler weather continued into 2014 and throughout the year, resulting in a colder than normal January and February and milder temperatures for the rest of the year, including the summer months, in the Houston area. Long term national trends indicate customers have reduced their energy consumption, and reduced consumption can adversely affect our results. However, due to more affordable energy prices and continued economic improvement in the areas we serve, the trend toward lower usage has slowed in some of the areas we serve. In addition, in many of our service areas, particularly in the Houston area and in Minnesota, we have benefited from a growth in the number of customers that also tends to mitigate the effects of reduced consumption. We anticipate that this trend will continue as the regions' economies continue to grow. The profitability of our businesses is influenced significantly by the regulatory treatment we receive from the various state and local regulators who set our electric and gas distribution rates.

Our Energy Services business segment contracts with customers for transportation, storage and sales of natural gas on an unregulated basis. Its operations serve customers in the central United States. The segment benefits from favorable price differentials, either on a geographic basis or on a seasonal basis. While this business utilizes financial derivatives to hedge its exposure to price movements, it does not engage in speculative or proprietary trading and maintains a low value at risk level, or

VaR, to avoid significant financial exposures. In 2014, basis volatility created asset optimization revenues not experienced in many years and the extreme cold weather increased throughput and margin from our weather sensitive customers. Lower geographic and seasonal price differentials during 2013 and 2012 adversely affected results for this business segment.

The nature of our businesses requires significant amounts of capital investment, and we rely on internally generated cash, borrowings under our credit facilities, proceeds from commercial paper and issuances of debt and equity in the capital markets to satisfy these capital needs. We strive to maintain investment grade ratings for our securities in order to access the capital markets on terms we consider reasonable. A reduction in our ratings generally would increase our borrowing costs for new issuances of debt, as well as borrowing costs under our existing revolving credit facilities, and may prevent us from accessing the commercial paper markets. Disruptions in the financial markets can also affect the availability of new capital on terms we consider attractive. In those circumstances, companies like us may not be able to obtain certain types of external financing or may be required to accept terms less favorable than they would otherwise accept. For that reason, we seek to maintain adequate liquidity for our businesses through existing credit facilities and prudent refinancing of existing debt.

We expect to make contributions to our pension plans aggregating approximately $66 million in 2015 and may need to make larger contributions in subsequent years. Consistent with the regulatory treatment of such costs, we can defer the amount of pension expense that differs from the level of pension expense included in our base rates for our Electric Transmission & Distribution business segment and NGD in Texas.

Factors Influencing Our Midstream Investments Segment

The results of our Midstream Investments segment are primarily dependent upon the results of Enable, which are driven primarily by the volume of natural gas that Enable gathers, processes and transports across its systems, which depends significantly on the level of production from natural gas wells connected to its systems across a number of U.S. mid-continent markets. Aggregate production volumes are affected by the overall amount of oil and gas drilling and completion activities, as production must be maintained or increased by new drilling or other activity, because the production rate of oil and gas wells declines over time.

Oil and gas producers' willingness to engage in new drilling is determined by a number of factors, the most important of which are the prevailing and projected prices of natural gas, NGLs and crude oil, the cost to drill and operate a well, the availability and cost of capital and environmental and government regulations. Prices of natural gas, crude oil, and NGLs have historically experienced periods of significant volatility. Enable's results are also impacted by commodity price differentials between receipt and delivery points on its systems across the various markets that it serves. Enable has attempted to mitigate the impact of commodity prices on its business by entering into hedges, focusing on contracting fee-based business, and converting existing commodity-based contracts to fee-based contracts. Recently, the prices of crude oil, NGLs and natural gas have declined significantly. Should lower commodity prices persist, Enable's future volumes and cash flows may be negatively impacted. The level of drilling is expected to positively correlate with long-term trends in commodity prices. Similarly, production levels nationally and regionally generally tend to positively correlate with drilling activity.

Over the past several years, there has been a fundamental shift in U.S. natural gas and crude oil production towards tight gas formations and shale plays. The emergence of these plays and advancements in technology have been crucial factors that have allowed producers to efficiently extract significant volumes of natural gas, NGLs and crude oil. Recently, declining crude oil and natural gas liquids prices have resulted in current and anticipated decreases in crude oil and natural gas drilling activity. Should lower prices and producer activity persist for a sustained period, Enable's future volumes and cash flows may be negatively impacted. To maintain and increase throughput volumes on its systems, Enable must continue to contract its capacity to shippers, including producers and marketers. Enable's transportation and storage systems compete for customers based on the type of service a customer needs, operating flexibility, receipt and delivery points and geographic flexibility and available capacity and price. To maintain and increase Enable's transportation and storage volumes, it must continue to contract its capacity to shippers, including producers, marketers, LDCs, power generators and industrial end-users.

Natural gas continues to be a critical component of energy supply and demand in the United States. Over the long term, Enable's management believes that the prospects for continued natural gas demand are favorable and will be driven by population and economic growth, as well as the continued displacement of coal-fired electricity generation by natural gas-fired electricity generation due to the low prices of natural gas and stricter government environmental regulations on the mining and burning of coal. According to the U.S. Energy Information Administration (EIA), demand for natural gas in the electric power sector is projected to increase from approximately 9.3 Tcf in 2012 to approximately 11.2 Tcf in 2040, with a portion of the growth attributable to the retirement of 50 gigawatts of coal-fired capacity by 2020. The EIA also projects that natural gas consumption in the industrial sector will be higher due to the rejuvenation of the industrial sector as it benefits from low natural gas prices. However, the EIA expects growth in natural gas consumption for power generation and in the industrial sector to be partially offset by decreased usage in the residential sector. Enable's management believes that increasing consumption of natural gas over the long term will continue to drive demand for Enable's natural gas gathering, processing, transportation and storage services.

Enable depends on access to the capital markets to fund expansion capital expenditures. Historically, unit prices of publicly traded midstream master limited partnerships have experienced periods of volatility. In addition, because Enable's common units are yield-based securities, rising market interest rates could impact the relative attractiveness of Enable's common units to investors. Capital market volatility could limit Enable's ability to timely issue units or debt on satisfactory terms, or at all, which may limit its ability to expand its operations or make future acquisitions. Our Midstream Investments segment currently includes a 0.1% interest in SESH owned by CERC that may be contributed by CERC to Enable in the future, upon exercise of certain put or call rights under which CERC would contribute to Enable CERC's retained interest in SESH.

Significant Events

Enable Initial Public Offering. On April 16, 2014, Enable Midstream Partners, LP (Enable) completed its initial public offering (IPO) of 28,750,000 common units at a price of $20.00 per unit, which included 3,750,000 common units sold by ArcLight Capital Partners, LLC (ArcLight) pursuant to an over-allotment option that was fully exercised by the underwriters. Enable received $464 million in net proceeds from the sale of the units, after deducting underwriting fees, structuring fees and other offering costs.

In connection with its IPO, on March 25, 2014, Enable effected a 1 for 1.279082616 reverse unit split. Immediately following the unit split, CenterPoint Energy Resources Corp. (CERC Corp.) owned 227,508,825 common units, representing a 58.3% limited partner interest in Enable. Also in connection with Enable's IPO, 139,704,916 of CERC Corp.'s common units were converted into subordinated units. The principal difference between Enable common units and subordinated units is that in any quarter during the subordination period, holders of the subordinated units are not entitled to receive any distribution of available cash until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. If Enable does not pay distributions on its subordinated units, the subordinated units will not accrue arrearages for those unpaid distributions. At the end of the subordination period, CenterPoint Energy's subordinated units in Enable will be converted to common units in Enable on a one-for-one basis.

Subsequent to the IPO, Enable continues to be controlled jointly by CenterPoint Energy and OGE; each own 50% of the management rights in the general partner of Enable. CenterPoint Energy and OGE also own a 40% and 60% economic interest, respectively, in the incentive distribution rights held by the general partner of Enable.

As a result of Enable's IPO, CenterPoint Energy's limited partner interest in Enable was reduced from approximately 58.3% to approximately 54.7%. CenterPoint Energy accounted for the dilution of its investment in Enable as a result of Enable's IPO as a failed partial sale of in-substance real estate. CenterPoint Energy did not receive any cash from Enable's IPO and, as such, CenterPoint Energy did not recognize a gain or loss. CenterPoint Energy's basis difference in Enable was reduced for the impact of the Enable IPO.

In accordance with the Enable formation agreements, CenterPoint Energy had certain put rights, and Enable had certain call rights, exercisable with respect to the 25.05% interest in SESH retained by CenterPoint Energy on May 1, 2013 (Closing Date), under which CenterPoint Energy would contribute its retained interest in SESH, in exchange for a specified number of limited partner units in Enable and a cash payment, payable either from CenterPoint Energy to Enable or from Enable to CenterPoint Energy, to the extent of changes in the value of SESH subject to certain restrictions. Specifically, the rights were and are exercisable with respect to (1) a 24.95% interest in SESH (24.95% Put), which closed on May 30, 2014 as discussed below and (2) a 0.1% interest in SESH, which may be exercised no earlier than June 2015 for 25,341 common units in Enable.

On May 30, 2014, CenterPoint Energy closed its 24.95% Put and contributed to Enable its 24.95% interest in SESH in exchange for 6,322,457 common units of Enable, which increased CenterPoint Energy's limited partner interest in Enable from approximately 54.7% to approximately 55.4%. No cash payment was required to be made pursuant to the Enable formation agreements in connection with CenterPoint Energy's exercise of the 24.95% Put. CenterPoint Energy accounted for the contribution of its 24.95% interest in SESH to Enable in exchange for common units of Enable as a non-monetary transaction of in-substance real estate equity method investments. As such, CenterPoint Energy recorded the 6,322,457 common units at the historical cost of the contributed 24.95% interest in SESH of $196 million and recorded no gain or loss in connection with its exercise of the 24.95% Put. As a result, CenterPoint Energy's basis difference in Enable was reduced for the impact of its exercise of the 24.95% Put.

CenterPoint Energy incurred natural gas expenses, including transportation and storage costs, of $130 million and $123 million, during the year ended December 31, 2014 and 2013, respectively, for transactions with Enable occurring on or after the Closing Date.

As of December 31, 2014, CenterPoint Energy held an approximate 55.4% limited partner interest in Enable consisting of 94,126,366 common units and 139,704,916 subordinated units and a 0.1% interest in SESH. On December 31, 2014, Enable's common units closed at $19.39 per unit on the New York Stock Exchange.

Debt Matters. Approximately $44 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) were redeemed on March 3, 2014 at 101% of their principal amount plus accrued interest. The bonds had an interest rate of 4.25%, were scheduled to mature in 2017 and were collateralized by general mortgage bonds of CenterPoint Houston.

Approximately $56 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Houston were purchased by CenterPoint Houston on March 3, 2014 at 101% of their principal amount plus accrued interest pursuant to the mandatory tender provisions of the bonds. The bonds had an interest rate of 5.60% prior to CenterPoint Houston's purchase and have a variable rate thereafter. The bonds mature in 2027 and are collateralized by general mortgage bonds of CenterPoint Houston. The purchased pollution control bonds may be remarketed.

On March 17, 2014, CenterPoint Houston issued $600 million principal amount of 4.50% General Mortgage Bonds due 2044. The proceeds from the sale of the bonds were used for general limited liability company purposes, including the repayment of short-term notes payable to affiliated companies.

Approximately $84 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) were redeemed on June 2, 2014 at 100% of their principal amount plus accrued interest. The bonds had an interest rate of 4.25%, were scheduled to mature in 2017 and were collateralized by general mortgage bonds of CenterPoint Houston.

On September 9, 2014, our revolving credit facility and the revolving credit facilities of CenterPoint Houston and CERC Corp. were amended to, among other things, extend the maturity date of the commitments under the credit facilities from September 9, 2018 to September 9, 2019. The amendments also reduced the swingline and letter of credit sub-facilities under each credit facility, with total commitments under each credit facility remaining unchanged.

CERTAIN FACTORS AFFECTING FUTURE EARNINGS

Our past earnings and results of operations are not necessarily indicative of our future earnings and results of operations. The magnitude of our future earnings and results of our operations will depend on or be affected by numerous factors including:

- state and federal legislative and regulatory actions or developments affecting various aspects of our businesses (including the businesses of Enable, including, among others, energy deregulation or re-regulation, pipeline integrity and safety, health care reform, financial reform, tax legislation and actions regarding the rates charged by our regulated businesses;
- local, state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change;
- timely and appropriate rate actions that allow recovery of costs and a reasonable return on investment;
- the timing and outcome of any audits, disputes and other proceedings related to taxes;
- problems with regulatory approval, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates;
- industrial, commercial and residential growth in our service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns;
- changes in technology, particularly with respect to efficient battery storage or emergence or growth of new, developing or alternative sources of generation;
- the timing and extent of changes in commodity prices, particularly natural gas, and the effects of geographic and seasonal commodity price differentials;
- weather variations and other natural phenomena, including the impact of severe weather events on operations and capital;
- any direct or indirect effects on our facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt our businesses or the businesses of third parties, or other catastrophic events;
- the impact of unplanned facility outages;

- timely and appropriate regulatory actions allowing securitization or other recovery of costs associated with any future hurricanes or natural disasters;
- changes in interest rates or rates of inflation;
- commercial bank and financial market conditions, our access to capital, the cost of such capital, and the results of our financing and refinancing efforts, including availability of funds in the debt capital markets;
- actions by credit rating agencies;
- effectiveness of our risk management activities;
- inability of various counterparties to meet their obligations to us;
- non-payment for our services due to financial distress of our customers;
- the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc., Reliant Energy, Inc. and Reliant Resources, Inc.), a wholly owned subsidiary of NRG Energy, Inc. (NRG), and its subsidiaries to satisfy their obligations to us, including indemnity obligations, or obligations in connection with the contractual arrangements pursuant to which we are their guarantor;
- the ability of retail electric providers (REPs), including REP affiliates of NRG and Energy Future Holdings Corp., to satisfy their obligations to us and our subsidiaries;
- our ability to recruit, effectively transition and retain management and key employees;
- the outcome of litigation brought by or against us;
- our ability to control costs;
- our ability to invest planned capital;
- the investment performance of our pension and postretirement benefit plans;
- our potential business strategies, including restructurings, joint ventures and acquisitions or dispositions of assets or businesses, which we cannot assure you will be completed or will have the anticipated benefits to us;
- acquisition and merger activities involving us or our competitors;
- future economic conditions in regional and national markets and their effect on sales, prices and costs;
- the performance of Enable, the amount of cash distributions we receive from Enable, and the value of our interest in Enable, and factors that may have a material impact on such performance, cash distributions and value, including certain of the factors specified above and:
    - the achievement of anticipated operational and commercial synergies and expected growth opportunities, and the successful implementation of its business plan;
    - competitive conditions in the midstream industry, and actions taken by Enable's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable;
    - the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly prices of natural gas and natural gas liquids (NGLs), the competitive effects of the available pipeline capacity in the regions served by Enable, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines;
    - the demand for natural gas, NGLs and transportation and storage services;
    - environmental and other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing;
    - changes in tax status;
    - access to growth capital;
    - the availability and prices of raw materials for current and future construction projects; and
- other factors we discuss under "Risk Factors" in Item 1A of this report and in other reports we file from time to time with the SEC.

CONSOLIDATED RESULTS OF OPERATIONS

All dollar amounts in the tables that follow are in millions, except for per share amounts.

	Year Ended December 31,		
	2014	2013	2012
Revenues	$ 9,226	$ 8,106	$ 7,452
Expenses	8,291	7,096	6,414
Operating Income	935	1,010	1,038
Gain on Marketable Securities	163	236	154
Loss on Indexed Debt Securities	(86)	(193)	(71)
Interest and Other Finance Charges	(353)	(351)	(422)
Interest on Transition and System Restoration Bonds	(118)	(133)	(147)
Equity in Earnings of Unconsolidated Affiliates	308	188	31
Step acquisition gain	—	—	136
Other Income, net	36	24	38
Income Before Income Taxes	885	781	757
Income Tax Expense	274	470	340
Net Income	$ 611	$ 311	$ 417
Basic Earnings Per Share	$ 1.42	$ 0.73	$ 0.98
Diluted Earnings Per Share	$ 1.42	$ 0.72	$ 0.97

2014 Compared to 2013

Net Income. We reported net income of $611 million ($1.42 per diluted share) for 2014 compared to $311 million ($0.72 per diluted share) for the same period in 2013. The increase in net income of $300 million was primarily due to a $196 million decrease in income tax expense discussed below, a $120 million increase in equity earnings of unconsolidated affiliates, a $107 million decrease in the loss on our indexed debt securities, a $13 million decrease in interest expense and a $12 million increase in other income, which were partially offset by a $75 million decrease in operating income (discussed below by segment) and a $73 million decrease in the gain on our marketable securities.

Income Tax Expense. We reported an effective tax rate of 31.0% and 60.2% for the years ended December 31, 2014 and 2013, respectively. The effective tax rate of 31.0% for 2014 is primarily due to a $29 million tax benefit recognized upon completion of a tax basis balance sheet review and a $13 million reversal of previously accrued taxes as a result of final positions taken in the 2013 tax returns. We determined the impact of the $29 million adjustment was not material to any prior period or the year ended December 31, 2014. The effective tax rate of 60.2% for 2013 is primarily attributable to a net $196 million charge to deferred tax expense due to the formation of Enable. For more information, see Note 13 to our consolidated financial statements.

2013 Compared to 2012

Net Income. We reported net income of $311 million ($0.72 per diluted share) for 2013 compared to $417 million ($0.97 per diluted share) for the same period in 2012. The decrease in net income of $106 million was primarily due to a $136 million non-cash step acquisition gain related to the acquisition of an additional 50% interest in Waskom in 2012, a $130 million increase in income tax expense discussed below, a $122 million increase in the loss on our indexed debt securities and a $28 million decrease in operating income (discussed below by segment). Operating income in 2012 included a $252 million non-cash goodwill impairment charge. These decreases were partially offset by a $157 million increase in equity earnings of unconsolidated affiliates, a $85 million decrease in interest expense and a $82 million increase in the gain on our marketable securities.

Income Tax Expense. We reported an effective tax rate of 60.2% for 2013 compared to 44.9% for the same period in 2012. Our effective tax rate for 2013 increased by 15.3% primarily as a result of the formation of Enable with deferred tax expense of $225 million related to the book-to-tax basis difference for contributed non-tax deductible goodwill and a tax benefit of $29 million associated with the remeasurement of state deferred taxes at formation. In addition, we recognized a tax benefit of $8 million based on the settlement with the Internal Revenue Service (IRS) of outstanding tax claims for the 2002 and 2003 audit cycles. Our effective tax rate for 2013 was approximately 36.2% excluding the tax effects from the adjustments described above.

Our effective tax rate for 2012 of 44.9% was primarily impacted by an increase in tax expense of $88 million related to the non-tax deductible impairment of goodwill of $252 million and a reduction in tax expense of $28 million for the release of tax reserves settled with the IRS. Our effective tax rate for 2012 was approximately 37% excluding the tax effects from the adjustments described above.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The following table presents operating income (loss) (in millions) for each of our business segments for 2014, 2013 and 2012. Included in revenues are intersegment sales. We account for intersegment sales as if the sales were to third parties, that is, at current market prices.

Operating Income (Loss) by Business Segment

	Year Ended December 31,		
	2014	2013	2012
Electric Transmission & Distribution	$ 595	$ 607	$ 639
Natural Gas Distribution	287	263	226
Energy Services	52	13	(250)
Interstate Pipelines	—	72	207
Field Services	—	73	214
Other Operations	1	(18)	2
Total Consolidated Operating Income	$ 935	$ 1,010	$ 1,038

Electric Transmission & Distribution

The following tables provide summary data of our Electric Transmission & Distribution business segment, CenterPoint Houston, for 2014, 2013 and 2012 (in millions, except throughput and customer data):

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Electric transmission and distribution utility	$ 2,279	$ 2,063	$ 1,949
Transition and system restoration bond companies	566	507	591
Total revenues	2,845	2,570	2,540
Expenses:			
Operation and maintenance, excluding transition and system restoration bond companies	1,251	1,045	942
Depreciation and amortization, excluding transition and system restoration bond companies	327	319	301
Taxes other than income taxes	224	225	214
Transition and system restoration bond companies	448	374	444
Total expenses	2,250	1,963	1,901
Operating Income	$ 595	$ 607	$ 639
Operating Income:			
Electric transmission and distribution operations	$ 477	$ 474	$ 492
Transition and system restoration bond companies (1)	118	133	147
Total segment operating income	$ 595	$ 607	$ 639
Throughput (in gigawatt-hours (GWh)):			
Residential	27,498	27,485	27,315
Total	81,839	79,985	78,593
Number of metered customers at end of period:			
Residential	2,033,027	1,982,699	1,943,423
Total	2,299,247	2,244,289	2,199,764

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(1) Represents the amount necessary to pay interest on the transition and system restoration bonds.

2014 Compared to 2013. Our Electric Transmission & Distribution business segment reported operating income of $595 million for 2014, consisting of $477 million from our regulated electric transmission and distribution utility operations (TDU) and $118 million related to transition and system restoration bond companies. For 2013, operating income totaled $607 million, consisting of $474 million from the TDU and $133 million related to transition and system restoration bond companies. TDU operating income increased $3 million due to customer growth ($33 million) from the addition of almost 55,000 new customers, higher equity return ($23 million), primarily related to true-up proceeds and higher energy efficiency performance bonus ($15 million), partially offset by increased labor and support services costs ($21 million), increased contracts and services ($19 million), lower right of way revenues ($8 million), increased depreciation ($8 million), an adjustment to our claims liability reserve ($6 million) and decreased usage ($5 million), primarily due to milder weather. Increased transmission costs of $168 million were largely offset by increased transmission revenue.

2013 Compared to 2012. Our Electric Transmission & Distribution business segment reported operating income of $607 million for 2013, consisting of $474 million from the TDU and $133 million related to transition and system restoration bond companies. For 2012, operating income totaled $639 million, consisting of $492 million from the TDU and $147 million related to transition and system restoration bond companies. TDU operating income decreased $18 million due to decreased usage ($13 million), primarily due to unfavorable weather, increased taxes other than income taxes ($11 million), increased depreciation ($10 million, excluding $8 million from increased investment in AMS offset by the related revenues), increased labor and benefits costs ($7 million), increased contracts and services ($4 million), increased support services ($4 million) and increased insurance costs

($3 million), partially offset by customer growth ($26 million) from the addition of over 44,000 new customers and higher transmission-related revenues net of the costs billed by transmission providers ($9 million).

Natural Gas Distribution

The following table provides summary data of our Natural Gas Distribution business segment for 2014, 2013 and 2012 (in millions, except throughput and customer data):

	Year Ended December 31,		
	2014	2013	2012
Revenues	$ 3,301	$ 2,863	$ 2,342
Expenses:			
Natural gas	1,961	1,607	1,196
Operation and maintenance	700	667	637
Depreciation and amortization	201	185	173
Taxes other than income taxes	152	141	110
Total expenses	3,014	2,600	2,116
Operating Income	$ 287	$ 263	$ 226
Throughput (in Bcf):			
Residential	197	182	140
Commercial and industrial	270	265	243
Total Throughput	467	447	383
Number of customers at end of period:			
Residential	3,124,542	3,090,966	3,058,695
Commercial and industrial	249,272	247,100	246,413
Total	3,373,814	3,338,066	3,305,108

2014 Compared to 2013. Our Natural Gas Distribution business segment reported operating income of $287 million for 2014 compared to $263 million for 2013. Operating income increased $24 million primarily due to increased usage as a result of colder weather compared to the prior year, partially mitigated by weather hedges and weather normalization adjustments ($16 million), rate increases ($37 million) and increased economic activity across our footprint including the addition of approximately 36,000 customers ($10 million). These increases were partially offset by increased contractor expense, including pipeline integrity work ($10 million), higher depreciation and amortization ($16 million), an increase in taxes ($7 million), and increased other operating expenses ($6 million). Increased expense related to energy efficiency programs ($8 million) and increased expense related to higher gross receipt taxes ($4 million) were offset by a corresponding increase in the related revenues.

2013 Compared to 2012. Our Natural Gas Distribution business segment reported operating income of $263 million for 2013 compared to $226 million for 2012. Operating income increased $37 million primarily due to increased usage as a result of colder weather compared to the prior year, partially mitigated by weather hedges and weather normalization adjustments ($29 million), rate increases ($29 million), and increased economic activity across our footprint including the addition of approximately 33,000 residential customers ($7 million). These increases were partially offset by increased operating expenses ($6 million), higher bad debt expense ($5 million), higher depreciation and amortization expense ($12 million) and an increase in taxes ($5 million), primarily attributable to property taxes. Increased expense related to energy efficiency programs ($17 million) and increased expense related to higher gross receipt taxes ($26 million) were offset by a corresponding increase in the related revenues.

Energy Services

The following table provides summary data of our Energy Services business segment for 2014, 2013 and 2012 (in millions, except throughput and customer data):

	Year Ended December 31,		
	2014	2013	2012
Revenues	$ 3,179	$ 2,401	$ 1,784
Expenses:			
Natural gas	3,073	2,336	1,730
Operation and maintenance	47	46	45
Depreciation and amortization	5	5	6
Taxes other than income taxes	2	1	1
Goodwill impairment	—	—	252
Total expenses	3,127	2,388	2,034
Operating Income (Loss)	$ 52	$ 13	$ (250)
Throughput (in Bcf)	631	600	562
Number of customers at end of period (1)	17,964	17,510	16,330

(1) These numbers do not include approximately 9,700, 8,800 and 12,700 natural gas customers as of December 31, 2014, 2013 and 2012, respectively, that are under residential and small commercial choice programs invoiced by their host utility.

2014 Compared to 2013. Our Energy Services business segment reported operating income of $52 million compared to $13 million for 2013. The increase in operating income of $39 million was primarily due to a $31 million increase from mark-to-market accounting for derivatives associated with certain natural gas purchases and sales used to lock in economic margins. A $29 million mark-to-market gain was incurred in 2014 compared to a charge of $2 million in 2013. The remaining increase in operating income was primarily due to improved margins resulting from weather-related optimization of existing gas transportation assets, reduced fixed costs and increased throughput and price volatility.

2013 Compared to 2012. Our Energy Services business segment reported operating income of $13 million compared to $2 million for 2012, excluding the goodwill impairment charge discussed below. The increase in operating income of $11 million was primarily due to a $14 million increase from mark-to-market accounting for derivatives associated with certain natural gas purchases and sales used to lock in economic margins. A $2 million mark-to-market charge was incurred in 2013 compared to a charge of $16 million for 2012. Energy Services grew both volume and customers in 2013 offsetting the impact of the lower unit margin environment.

Goodwill Impairment

A non-cash goodwill impairment charge of $252 million for our Energy Services business segment was recorded in 2012. The adverse wholesale market conditions facing our energy services business, specifically the prospects for continued low geographic and seasonal price differentials for natural gas, led to a reduction in our estimate of the fair value of goodwill associated with this reporting unit.

Interstate Pipelines

Substantially all of our Interstate Pipelines business segment was contributed to Enable on May 1, 2013. As a result, this segment did not report operating results for 2014. The following table provides summary data of our Interstate Pipelines business segment for 2013 and 2012 (in millions, except throughput data):

	Year Ended December 31,	
	2013 (1)	2012
Revenues	$ 186	$ 502
Expenses:		
Natural gas	35	57
Operation and maintenance	51	153
Depreciation and amortization	20	56
Taxes other than income taxes	8	29
Total expenses	114	295
Operating Income	$ 72	$ 207
Equity in earnings of unconsolidated affiliates	$ 7	$ 26
Transportation throughput (in Bcf)	482	1,367

(1) Represents January 2013 through April 2013 results only.

2013 Compared to 2012. Our Interstate Pipeline business segment reported operating income of $72 million for 2013 compared to $207 million for 2012. Substantially all of this segment was contributed to Enable on May 1, 2013. As a result, 2013 is not comparable to the prior year. Effective May 1, 2013, our equity method investment and related equity income in Enable are included in our Midstream Investments segment.

Equity Earnings. This business segment recorded equity income of $7 million and $26 million for the years ended December 31, 2013 and 2012, respectively, from its interest in Southeast Supply Header, LLC (SESH), a jointly-owned pipeline. The decrease in equity income was primarily due to the contribution of a 24.95% interest in SESH to Enable on May 1, 2013. Beginning May 1, 2013, equity earnings related to our interest in SESH and Enable are reported as components of equity income in our Midstream Investments segment.

Field Services

Substantially all of our Field Services business segment was contributed to Enable on May 1, 2013. As a result, this segment did not report operating results for 2014.The following table provides summary data of our Field Services business segment for 2013 and 2012 (in millions, except throughput data):

	Year Ended December 31,	
	2013 (1)	2012
Revenues	$ 196	$ 506
Expenses:		
Natural gas	54	122
Operation and maintenance	45	115
Depreciation and amortization	20	50
Taxes other than income taxes	4	5
Total expenses	123	292
Operating Income	$ 73	$ 214
Equity in earnings of unconsolidated affiliates	$ —	$ 5
Gathering throughput (in Bcf)	252	896

(1) Represents January 2013 through April 2013 results only.

2013 Compared to 2012. Our Field Services business segment reported operating income of $73 million for 2013 compared to $214 million for 2012. Substantially all of this segment was contributed to Enable on May 1, 2013. As a result, 2013 is not comparable to the prior year. Effective May 1, 2013, our equity method investment and related equity income in Enable are included in our Midstream Investments segment.

Equity Earnings. This business segment recorded equity income of $-0- and $5 million for the years ended December 31, 2013 and 2012, respectively, from its interest in Waskom. These amounts are included in Equity in earnings of unconsolidated affiliates under the Other Income (Expense) caption in the Statements of Consolidated Income. From August 1, 2012 through April 30, 2013, financial results for Waskom are included in operating income. On May 1, 2013, our 100% investment in Waskom was contributed to Enable.

Midstream Investments

The following table summarizes the equity earnings of our Midstream Investments business segment for 2014 and 2013 (in millions):

	Year Ended December 31,	
	2014 (1)	2013 (2)
Enable	$ 303	$ 173
SESH	5	8
Total	$ 308	$ 181

(1) On April 16, 2014, Enable completed its initial public offering and, as a result, CenterPoint Energy's limited partner interest in Enable was reduced from approximately 58.3% to approximately 54.7%. On May 30, 2014, CenterPoint Energy contributed to Enable its 24.95% interest in SESH, which increased CenterPoint Energy's limited partner interest in Enable from approximately 54.7% to approximately 55.4% and reduced its interest in SESH to 0.1%.

(2) Represents our 58.3% limited partner interest in Enable and our 25.05% interest in SESH for the eight months ended December 31, 2013.

Other Operations

The following table provides summary data for our Other Operations business segment for 2014, 2013 and 2012 (in millions):

	Year Ended December 31,		
	2014	2013	2012
Revenues	$ 15	$ 14	$ 11
Expenses	14	32	9
Operating Income (Loss)	$ 1	$ (18)	$ 2

2014 Compared to 2013. Our Other Operations business segment reported operating income of $1 million for 2014 compared to an operating loss of $18 million for 2013. The increase in operating income of $19 million is primarily related to the costs associated with the formation of Enable in 2013 ($13 million) and decreased benefits costs ($8 million), which were partially offset by higher property taxes ($2 million).

2013 Compared to 2012. Our Other Operations business segment reported an operating loss of $18 million for 2013 compared to operating income of $2 million for 2012. The decrease in operating income of $20 million is primarily related to the costs associated with the formation of Enable ($13 million), higher depreciation expense ($3 million) and higher property taxes ($2 million).

LIQUIDITY AND CAPITAL RESOURCES

Historical Cash Flows

The net cash provided by (used in) operating, investing and financing activities for 2014, 2013 and 2012 is as follows (in millions):

	Year Ended December 31,		
	2014	2013	2012
Cash provided by (used in):			
Operating activities	$ 1,397	$ 1,613	$ 1,860
Investing activities	(1,384)	(1,300)	(1,603)
Financing activities	77	(751)	169

Cash Provided by Operating Activities

Net cash provided by operating activities decreased $216 million in 2014 compared to 2013 primarily due to increased net tax payments ($157 million), decreased cash provided by fuel cost recovery ($149 million), increased net margin deposits ($95 million), decreased cash related to gas storage inventory ($69 million), decreased cash from non-trading derivatives ($38 million) and decreased cash provided by net regulatory assets and liabilities ($39 million), which was partially offset by increased distributions from equity method investments ($176 million) and increased cash provided by net accounts receivable/payable ($140 million).

Net cash provided by operating activities decreased $247 million in 2013 compared to 2012 primarily due to decreased operating income ($280 million), excluding the non-cash goodwill impairment charge of $252 million, decreased cash provided by net accounts receivable/payable ($108 million), cash related to gas storage inventory ($43 million), decreased net margin deposits ($37 million), decreased cash from non-trading derivatives ($16 million), increased pension contributions ($9 million) and decreased cash provided by net regulatory assets and liabilities ($5 million), which was partially offset by increased cash provided by fuel cost recovery ($160 million), increased distributions from equity method investments ($91 million) and decreased net tax payments ($11 million).

Cash Used in Investing Activities

Net cash used in investing activities increased $84 million in 2014 compared to 2013 primarily due to increased capital expenditures ($86 million), increased restricted cash ($24 million) and decreased proceeds from sale of marketable securities ($9 million), which were partially offset by decreased cash contributed to Enable ($38 million).

Net cash used in investing activities decreased $303 million in 2013 compared to 2012 due to decreased cash paid for acquisitions ($360 million) and decreased restricted cash ($30 million) and increased proceeds from sale of marketable securities ($9 million), which were partially offset by increased capital expenditures ($74 million) and cash contributed to Enable ($38 million).

Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities increased $828 million in 2014 compared to 2013 primarily due to decreased payments of long-term debt ($1,036 million) and increased proceeds from commercial paper ($296 million), which were partially offset by decreased proceeds from long-term debt ($450 million) and increased payments of common stock dividends ($53 million).

Net cash used in financing activities increased $920 million in 2013 compared to 2012 primarily due to decreased proceeds from long-term debt ($1,445 million) and increased payments of common stock dividends ($9 million), which were partially offset by increased proceeds from commercial paper ($403 million), decreased cash paid for debt retirement ($62 million), increased short-term borrowings ($29 million), decreased payments of long-term debt ($17 million) and decreased debt issuance costs ($13 million).

Future Sources and Uses of Cash

Our liquidity and capital requirements are affected primarily by our results of operations, capital expenditures, debt service requirements, tax payments, working capital needs and various regulatory actions. Our principal anticipated cash requirements for 2015 include the following:

- capital expenditures of approximately $1.5 billion;
- scheduled principal payments on transition and system restoration bonds of $372 million;
- maturing senior notes and pollution control bonds aggregating $269 million;
- contributions aggregating approximately $66 million to qualified and non-qualified pension plans; and
- dividend payments on CenterPoint Energy common stock and interest payments on debt.

We expect that anticipated 2015 cash needs will be met with borrowings under our credit facilities, proceeds from commercial paper, proceeds from the issuance of general mortgage bonds and senior unsecured notes, anticipated cash flows from operations, a tax refund relating to 2014 bonus depreciation and distributions from Enable. Discretionary financing or refinancing may result in the issuance of equity or debt securities in the capital markets or the arrangement of additional credit facilities. Issuances of equity or debt in the capital markets and additional credit facilities may not, however, be available to us on acceptable terms.

The following table sets forth our capital expenditures for 2014 and estimates of our capital expenditures for currently identified or planned projects for 2015 through 2019 (in millions):

	2014	2015	2016	2017	2018	2019
Electric Transmission & Distribution	$ 818	$ 913	$ 874	$ 879	$ 881	$ 831
Natural Gas Distribution	525	559	544	545	550	546
Energy Services	3	10	32	9	9	19
Other Operations	56	40	41	44	54	53
Total	$ 1,402	$ 1,522	$ 1,491	$ 1,477	$ 1,494	$ 1,449

Our capital expenditures are expected to be used for investment in infrastructure for our electric transmission and distribution operations and our natural gas distribution operations. These capital expenditures are anticipated to maintain reliability and safety as well as expand our systems through value-added projects.

The following table sets forth estimates of our contractual obligations, including payments due by period (in millions):

Contractual Obligations	Total	2015	2016-2017	2018-2019	2020 and thereafter
Transition and system restoration bond debt	$ 3,046	$ 372	$ 802	$ 893	$ 979
Other long-term debt (1)	6,352	269	825	1,181	4,077
Interest payments — transition and system restoration bond debt (2)	475	108	176	111	80
Interest payments — other long-term debt (2)	3,947	303	549	425	2,670
Short-term borrowings	53	53	—	—	—
Capital leases	5	2	2	1	—
Operating leases (3)	23	5	7	4	7
Benefit obligations (4)	—	—	—	—	—
Non-trading derivative liabilities	20	19	1	—	—
Other commodity commitments (5)	2,728	696	1,156	762	114
Total contractual cash obligations (6)	$ 16,649	$ 1,827	$ 3,518	$ 3,377	$ 7,927

(1) 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS) obligations are included in the 2020 and thereafter column at their contingent principal amount as of December 31, 2014 of $751 million. These obligations are exchangeable for cash at any time at the option of the holders for 95% of the current value of the reference shares attributable to each ZENS ($930 million at December 31, 2014), as discussed in Note 10 to our consolidated financial statements.

(2) We calculated estimated interest payments for long-term debt as follows: for fixed-rate debt and term debt, we calculated interest based on the applicable rates and payment dates; for variable-rate debt and/or non-term debt, we used interest rates in place as of December 31, 2014. We typically expect to settle such interest payments with cash flows from operations and short-term borrowings.

(3) For a discussion of operating leases, please read Note 14(c) to our consolidated financial statements.

(4) In 2015, we expect to make contributions to our qualified pension plan aggregating approximately $35 million. We expect to contribute approximately $31 million and $17 million, respectively, to our non-qualified pension and postretirement benefits plans in 2015.

(5) For a discussion of other commodity commitments, please read Note 14(a) to our consolidated financial statements.

(6) This table does not include estimated future payments for expected future asset retirement obligations. These payments are primarily estimated to be incurred after 2020. We record a separate liability for the fair value of these asset retirement obligations which totaled $176 million as of December 31, 2014. See Note 3(c), Asset Retirement Obligation in our consolidated financial statements.

Off-Balance Sheet Arrangements

Prior to the distribution of our ownership in Reliant Resources, Inc. (RRI) to our shareholders, CERC had guaranteed certain contractual obligations of what became RRI's trading subsidiary. When the companies separated, RRI agreed to secure CERC against obligations under the guarantees RRI had been unable to extinguish by the time of separation. Pursuant to such agreement, as amended in December 2007, RRI (now GenOn Energy, Inc. (GenOn)) agreed to provide to CERC cash or letters of credit as security against CERC's obligations under its remaining guarantees for demand charges under certain gas transportation agreements if and to the extent changes in market conditions expose CERC to a risk of loss on those guarantees based on an annual calculation, with any required collateral to be posted each December. The undiscounted maximum potential payout of the demand charges under these transportation contracts, which will be in effect until 2018, was approximately $42 million as of December 31, 2014. Based on market conditions in the fourth quarter of 2014 at the time the most recent annual calculation was made under the agreement, GenOn was not obligated to post any security. If GenOn should fail to perform the contractual obligations, CERC could have to honor its guarantee and, in such event, any collateral provided as security may be insufficient to satisfy CERC's obligations.

CenterPoint Energy has provided guarantees (CenterPoint Midstream Guarantees) with respect to the performance of certain obligations of Enable under long-term gas gathering and treating agreements with an indirect wholly owned subsidiary of Encana Corporation and an indirect wholly owned subsidiary of Royal Dutch Shell plc. As of December 31, 2014, CenterPoint Energy, Inc. had guaranteed Enable's obligations up to an aggregate amount of $100 million under these agreements. Under the terms of the omnibus agreement entered into in connection with the closing of the formation of Enable, Enable and CenterPoint Energy have agreed to use commercially reasonable efforts and cooperate with each other to terminate the CenterPoint Midstream Guarantees and to release CenterPoint Energy from such guarantees by causing Enable or one of its subsidiaries to enter into substitute guarantees or to assume the CenterPoint Midstream Guarantees as applicable.

CERC Corp. has also provided a guarantee of collection of $1.1 billion of Enable's senior notes due 2019 and 2024. This guarantee is subordinated to all senior debt of CERC Corp. and is subject to automatic release on May 1, 2016.

The fair value of these guarantees is not material. Other than the guarantees described above and operating leases, we have no off-balance sheet arrangements.

Regulatory Matters

CenterPoint Houston

2008 Energy Efficiency Cost Recovery Factor (EECRF) Appeal. In October 2009, the Public Utility Commission of Texas (Texas Utility Commission) issued an order disallowing recovery of a performance bonus of $2 million on approximately $10 million in 2008 energy efficiency costs expended pursuant to the terms of a settlement agreement in a prior rate case. CenterPoint Houston appealed the denial of the full 2008 performance bonus. CenterPoint Houston had also appealed similar orders by the Texas Utility Commission providing for the partial disallowance of performance bonuses totaling approximately $5.5 million relating to CenterPoint Houston's 2009, 2010 and 2011 (only through August 2011) energy efficiency programs. These subsequent cases were abated pending the final outcome of the 2008 bonus appeal. In August 2013, the court of appeals reversed the Texas Utility Commission's decision disallowing such bonuses and in January 2014, the Texas Supreme Court declined to hear the Texas Utility Commission's appeal. As a result of the Texas Supreme Court's decision, in April 2014, four separate proceedings were initiated, which were later consolidated into one proceeding, at the Texas Utility Commission to determine the amount CenterPoint Houston is to recover. In May 2014, parties to the proceeding entered into a unanimous stipulation agreeing to the amount to be recovered but not to the customer class recovery allocation. The parties agreed that CenterPoint Houston is to recover $7.5 million in performance bonus, $0.2 million in rate case expenses associated with appeals of the proceedings and at least $2.5 million in carrying costs, with final determination of carrying costs based on the timing of the decision regarding customer class recovery allocation. In August 2014, the Texas Utility Commission entered a final order approving $10.4 million with no change regarding customer class recovery allocation. The rates became effective October 15, 2014. Starting September 2011, CenterPoint Houston's energy efficiency programs are no longer funded pursuant to the terms of the prior settlement, and performance bonus calculations subsequent to that date are not affected by the court's decision.

2014 EECRF. On May 30, 2014, CenterPoint Houston filed an application for approval of an adjustment to its EECRF for 2015. CenterPoint Houston's requested recovery is $51.4 million composed of approximately: (1) $39.1 million in estimated 2015 program costs; (2) a performance bonus for 2013 achievements of $16.2 million; (3) $0.9 million for 2015 evaluation, measurement and verification costs; (4) a credit of $5.1 million for the over-recovery of 2013 program costs; and (5) $0.2 million in rate case expenses from the 2013 EECRF proceeding. In September 2014, the parties signed a partial stipulation agreeing that CenterPoint Houston shall be allowed to recover the net of (1) $39.1 million in estimated 2015 program costs; (2) a performance bonus for 2013 achievements of between $15.8 million and $16.2 million, depending on the outcome of the one remaining contested issue relating to a bonus calculation; (3) $0.9 million for 2015 evaluation, measurement and verification costs; (4) a credit of $5.1 million for the over-recovery of 2013 program costs; (5) $0.2 million in rate case expenses from the 2013 EECRF proceeding; and (6) an adjustment of $57,000 to exclude certain administrative costs. In November 2014, the Texas Utility Commission approved the partial settlement and decided the remaining contested issue relating to the bonus calculation in CenterPoint Energy's favor. The effective date of the rate adjustment will be March 1, 2015.

Brazos Valley Connection Project. In July 2013, CenterPoint Houston and other transmission service providers submitted analyses and transmission proposals to the Electric Reliability Council of Texas (ERCOT) for an additional transmission path into the Houston region. In April 2014, ERCOT's Board of Directors voted to endorse a Houston region transmission project and deemed it critical for reliability. The project will consist of (i) construction of a new double-circuit 345 kilovolt (kV) line spanning 130 miles, (ii) upgrades to three substations to accommodate new connections and additional capacity, and (iii) improvements to approximately 11 miles of an existing 345 kV TH Wharton-Addicks transmission line to increase its rating. Also in April 2014, ERCOT staff determined that CenterPoint Houston would be the designated transmission service provider for the portion of the project between our Zenith substation and the Gibbons Creek substation owned by the Texas Municipal Power Agency, consisting of approximately 60 miles of 345 kV transmission line, upgrades to the Limestone and Zenith substations and upgrades to 11 miles of the 345 kV TH Wharton-Addicks transmission line (this portion of the Houston region transmission project is referred to by CenterPoint Houston as the Brazos Valley Connection). Other transmission service providers were designated by ERCOT for the portion of the project from Gibbons Creek Substation to the Limestone Substation as well as the upgrades to the Gibbons Creek Substation. As the owner of the originating and terminating substations of the entire project, CenterPoint Houston appealed that determination to the Texas Utility Commission in May 2014 and sought the right to construct, own, and maintain the entire project, except for necessary upgrades to the Gibbons Creek Substation. On October 17, 2014, the Texas Utility Commission filed an order that denied CenterPoint Houston's appeal and upheld the April 2014 ERCOT decision to split the project between CenterPoint Houston and other transmission service providers. ERCOT estimates that the capital cost of the entire Houston region transmission project will be approximately $600 million, and CenterPoint Houston estimates that the capital costs for the Brazos Valley Connection will be approximately $300 million. CenterPoint Houston anticipates that the Brazos Valley Connection project will be completed by mid-2018.

In May 2014, several electric generators appealed the ERCOT Board of Directors' April 2014 approval of the Houston region transmission project and the determination that the project was critical for reliability in the Houston region to the Texas Utility Commission. A hearing on the May 2014 appeal by the electric generators was held in October 2014 and in December 2014, the Texas Utility Commission denied the generators' appeal. A motion for rehearing was filed by the electric generators on January 5, 2015, replies to the motion for rehearing were filed on January 15, 2015, and on January 21, 2015, the Texas Utility Commission voted not to consider the motion for rehearing. CenterPoint Houston must obtain final approval of the project and the route for the project from the Texas Utility Commission. CenterPoint Houston anticipates filing its application for approval of the project in the spring of 2015. Once filed, the Texas Utility Commission will have 180 days to rule on the application.

Transmission Cost of Service (*TCOS*). On March 26, 2014, CenterPoint Houston filed an application with the Texas Utility Commission for an interim update of its TCOS seeking an increase in annual revenue of $13.6 million based on an increase in total rate base of $184.5 million. CenterPoint Houston received approval from the Texas Utility Commission during the second quarter of 2014, and rates became effective May 12, 2014. A second TCOS filing, as amended, was made on November 21, 2014 seeking an increase in annual revenue of $23.5 million based on an increase in total rate base of $113.2 million. The case is still pending before the Texas Utility Commission.

Agreement with City of Houston. On June 13, 2014, CenterPoint Houston entered into an agreement with the City of Houston, Texas providing that neither CenterPoint Houston nor the city will initiate a base rate case for CenterPoint Houston earlier than December 31, 2016, subject to a $20 million force majeure provision. During that period, CenterPoint Houston has the right to adjust its rates through (1) the schedules and riders in its tariff approved by the Texas Utility Commission; (2) adjustments to its distribution rates using the distribution cost recovery factor rule adopted by the Texas Utility Commission; and (3) adjustments to its transmission rates under Texas Utility Commission rules. CenterPoint Houston also has the right to propose rates for new services. This agreement is not binding on any other city within CenterPoint Houston's service territory or the Texas Utility Commission.

CERC

Cost of Service Adjustment (COSA) Rate Adjustments. In March 2008, NGD filed a request to change its rates with the Railroad Commission of Texas (Railroad Commission) and the 47 cities in its Texas Coast service territory, including a request for an annual cost of service adjustment mechanism, or COSA, that adjusts rates annually for changes in invested capital as well as certain operating expenses. In 2008, the Railroad Commission approved the implementation of rates increasing annual revenues from the Texas Coast service territory by approximately $3.5 million and a COSA mechanism. The approved rates were contested by a coalition of nine cities and certain state agencies in an appeal to the Travis County District Court. In 2010, the district court ruled that the Railroad Commission lacked authority to impose the approved COSA mechanism both in those nine cities and in those areas in which the Railroad Commission has original jurisdiction, and also found that the commission's order lacked findings to support the inclusion of certain affiliate expenses in rates. The decision by the District Court placed at risk certain revenues collected pursuant to COSA mechanisms. The Railroad Commission and NGD appealed the court's ruling on the COSA mechanism. In October 2011, the court of appeals reversed the district court's ruling on the COSA mechanism. The cities and state agencies appealed that decision to the Texas Supreme Court. In January 2014, the Texas Supreme Court confirmed that the Railroad Commission had authority to approve the COSA rate adjustments utilized by NGD and remanded the case back to state district court. In April 2014, the district court remanded the case to the Railroad Commission to correct deficiencies in the commission's 2008 order related to certain affiliate expenses but affirming the commission's order in all other respects. The matter is currently pending at the Railroad Commission.

Minnesota Rate Proceeding. On August 2, 2013, NGD filed a general rate case in Minnesota to increase base rates by $44.3 million (including the movement of a $15 million energy efficiency rider into base rates), based on a rate base of $700 million and return on equity (ROE) of 10.3%. In compliance with state law, NGD implemented interim rates reflecting $42.9 million dollars of the requested increase for gas used on and after October 1, 2013. This rate filing is intended to recover significant capital expenditures NGD is making in Minnesota and included moving $15 million of energy efficiency expenditures to base rates. Evidentiary hearings were held before an administrative law judge (ALJ) in January 2014. On April 9, 2014 the ALJ issued its findings of fact and recommendations, which support a $31.6 million revenue increase based on a 9.59% ROE. In May 2014, the Minnesota Public Utility Commission (MPUC) entered an order approving a rate increase of $33 million based on a 9.59% ROE and a 52.6% equity ratio. The MPUC also authorized the implementation of a three-year pilot revenue decoupling mechanism with an effective date of July 1, 2015. NGD implemented final rates in the fourth quarter of 2014. Since the adopted revenue increase is less than the interim revenue increase, a refund to customers, which had already been accrued, was completed in December 2014.

Houston, South Texas and Beaumont/East Texas Gas Reliability Infrastructure Programs (*GRIP*). NGD's Houston, South Texas and Beaumont/East Texas Divisions each submitted annual GRIP filings on March 31, 2014. For the Houston Division, CERC has asked that its GRIP filing to recover costs related to $66.6 million in incremental capital expenditures that were incurred in 2013 be operationally suspended for one year so as to ensure earnings more consistent with those currently approved. For the South Texas Division, the filing is to recover costs related to $15.9 million in incremental capital expenditures that were incurred in 2013. The increase in revenue requirements for this filing period is $1.8 million annually based on an authorized rate of return of 8.75%. Rates were implemented for certain customers in May 2014. In those areas in which the jurisdictional deadline was extended by regulatory action, the rates were implemented in July 2014 after final approval by the Railroad Commission of Texas (Railroad Commission). For the Beaumont/East Texas Division, the first GRIP filing is to recover costs related to $31.4 million in incremental capital expenditures that were incurred in 2012 and 2013. The increase in revenue requirements for this filing period is $3.0 million annually based on an authorized rate of return of 8.51%. Rates were implemented for certain customers in May 2014. In those areas in which the jurisdictional deadline was extended by regulatory action, the rates were implemented in July 2014 after final approval by the Railroad Commission.

Oklahoma Performance Based Rate Change (PBRC). In March 2014, NGD made a PBRC filing for the 2013 calendar year proposing to increase revenues by $1.5 million. On July 3, 2014, the Oklahoma Corporation Commission approved a joint stipulation by NGD and the intervening parties resulting in a rate increase of $0.3 million, which included an adjustment to amortize over five years $1.5 million of expense incurred within the 2013 test year. New rates went into effect on July 3, 2014.

Arkansas Government Mandated Expenditure Surcharge Rider (GMESR). On May 1, 2014, NGD made a filing with the Arkansas Public Service Commission (APSC) requesting to increase revenue under its interim GMESR by an additional $1.8 million. Interim rates were implemented upon filing and are subject to refund pending a final order from the APSC.

Mississippi Rate Regulation Adjustment (RRA). On May 1, 2014, NGD filed for a $4.1 million RRA with an adjusted ROE of 9.27%. On August 5, 2014, the Mississippi Public Service Commission approved a joint stipulation for a revenue adjustment of $2.8 million, which included an adjustment to amortize over three years $0.5 million of expense incurred with the 2013 test year. New rates went into effect in September 2014.

Louisiana Rate Stabilization Plan (RSP). NGD made its 2014 Louisiana RSP filings with the Louisiana Public Service Commission on October 1, 2014. The North Louisiana Rider RSP filing shows a revenue deficiency of $4.0 million, compared to the authorized ROE of 10.25%. The South Louisiana Rider RSP filing shows a revenue deficiency of $2.3 million, compared to the authorized ROE of 10.5%. NGD began billing the revised rates in December 2014 subject to refund. On November 19, 2014, NGD sought permission to amend the prior year's South Louisiana RSP filing to use a more representative capital structure and to adjust the filing's equity banding mechanism. On December 2, 2014, NGD sought permission for similar amendments to the prior year's North Louisiana RSP filings. The Louisiana Public Service Commission has yet to take action on either request.

Minneapolis Franchise. In 2014, NGD provided natural gas distribution services to approximately 124,000 customers in Minneapolis, Minnesota under a franchise that was due to expire at the end of the year. In October 2014, the Minneapolis City Council unanimously approved a ten-year franchise agreement with NGD, effective January 1, 2015. The agreement is renewable for two additional five-year terms upon mutual consent of the parties. Also in October 2014, the Minneapolis City Council unanimously approved a newly formed Clean Energy Partnership (CEP) between the city, NGD and Xcel Energy. The CEP board includes the mayor, two council members, the city's coordinator and two senior officials from each of the utilities. The board's work plan will include new ideas to support developing renewable energy, increasing residential and business use of energy-efficiency programs and reducing the city's energy use. The new franchise agreement with NGD can be terminated by the city after five years if the city finds, through a city council vote, that NGD is not acting in good faith to support the city's clean energy goals.

Other Matters

Credit Facilities

As of February 17, 2015, we had the following facilities (in millions):

Execution Date	Company	Size of Facility	Amount Utilized at February 17, 2015 (1)	Termination Date
September 9, 2011	CenterPoint Energy	$ 1,200	$ 170 (2)	September 9, 2019
September 9, 2011	CenterPoint Houston	300	4 (3)	September 9, 2019
September 9, 2011	CERC Corp.	600	248 (4)	September 9, 2019

(1) Based on the consolidated debt to capitalization covenant in our revolving credit facility and the revolving credit facility of each of CenterPoint Houston and CERC Corp., we would have been permitted to utilize the full capacity of such revolving credit facilities, which aggregated $2.1 billion at December 31, 2014.

(2) Represents outstanding letters of credit of $6 million and outstanding commercial paper of $164 million.

(3) Represents outstanding letters of credit.

(4) Represents outstanding commercial paper.

Our $1.2 billion revolving credit facility can be drawn at the London Interbank Offered Rate (LIBOR) plus 1.25% based on our current credit ratings. The revolving credit facility contains a financial covenant which limits our consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of our consolidated capitalization. The financial covenant limit will temporarily increase from 65% to 70% if CenterPoint Houston experiences damage from a natural disaster in its service territory and we certify to the administrative agent that CenterPoint Houston has incurred system restoration costs reasonably likely to exceed $100 million in a consecutive twelve-month period, all or part of which CenterPoint Houston intends to seek to recover through securitization financing. Such temporary increase in the financial covenant would be in effect from the date we deliver our certification until the earliest to occur of (i) the completion of the securitization financing, (ii) the first anniversary of our certification or (iii) the revocation of such certification.

CenterPoint Houston's $300 million revolving credit facility can be drawn at LIBOR plus 1.125% based on CenterPoint Houston's current credit ratings. The revolving credit facility contains a financial covenant which limits CenterPoint Houston's consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of CenterPoint Houston's consolidated capitalization.

CERC Corp.'s $600 million revolving credit facility can be drawn at LIBOR plus 1.5% based on CERC Corp.'s current credit ratings. The revolving credit facility contains a financial covenant which limits CERC's consolidated debt to an amount not to exceed 65% of CERC's consolidated capitalization.

Borrowings under each of the three revolving credit facilities are subject to customary terms and conditions. However, there is no requirement that the borrower make representations prior to borrowings as to the absence of material adverse changes or litigation that could be expected to have a material adverse effect. Borrowings under each of the revolving credit facilities are subject to acceleration upon the occurrence of events of default that we consider customary. The revolving credit facilities also provide for customary fees, including commitment fees, administrative agent fees, fees in respect of letters of credit and other fees. In each of the three revolving credit facilities, the spread to LIBOR and the commitment fees fluctuate based on the borrower's credit rating. The borrowers are currently in compliance with the various business and financial covenants in the three revolving credit facilities.

On September 9, 2014, our revolving credit facility and the revolving credit facilities of CenterPoint Houston and CERC Corp. were amended to, among other things, extend the maturity date of the commitments under the credit facilities from September 9, 2018 to September 9, 2019. The amendments also reduced the swingline and letter of credit sub-facilities under each credit facility, with total commitments under each credit facility remaining unchanged.

Our $1.2 billion revolving credit facility backstops our $1.0 billion commercial paper program. As of December 31, 2014, we had $191 million of outstanding commercial paper. CERC Corp.'s $600 million revolving credit facility backstops its $600 million commercial paper program. As of December 31, 2014, CERC Corp. had $341 million of outstanding commercial paper.

Securities Registered with the SEC

CenterPoint Energy, CenterPoint Houston and CERC Corp. have filed a joint shelf registration statement with the SEC registering indeterminate principal amounts of CenterPoint Houston's general mortgage bonds, CERC Corp.'s senior debt securities and CenterPoint Energy's senior debt securities and junior subordinated debt securities and an indeterminate number of CenterPoint Energy's shares of common stock, shares of preferred stock, as well as stock purchase contracts and equity units.

Temporary Investments

As of February 17, 2015, we had no temporary investments.

Money Pool

We have a money pool through which the holding company and participating subsidiaries 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 our revolving credit facility or the sale of our commercial paper.

Impact on Liquidity of a Downgrade in Credit Ratings

The interest on borrowings under our credit facilities is based on our credit rating. As of February 17, 2015, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), a division of The McGraw-Hill Companies, and Fitch, Inc. (Fitch) had assigned the following credit ratings to senior debt of CenterPoint Energy and certain subsidiaries:

	Moody's		S&P		Fitch	
Company/Instrument	Rating	Outlook (1)	Rating	Outlook(2)	Rating	Outlook(3)
CenterPoint Energy Senior Unsecured Debt	Baa1	Stable	BBB+	Stable	BBB	Stable
CenterPoint Houston Senior Secured Debt	A1	Stable	A	Stable	A	Stable
CERC Corp. Senior Unsecured Debt	Baa2	Stable	A-	Stable	BBB	Stable

(1) A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term.

(2) An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate to longer term.

(3) A Fitch rating outlook indicates the direction a rating is likely to move over a one- to two-year period.

We cannot assure you that the ratings set forth above will remain in effect for any given period of time or that one or more of these ratings will not be lowered or withdrawn entirely by a rating agency. We note that these credit ratings are included for informational purposes and are not recommendations to buy, sell or hold our securities and may be revised or withdrawn at any time by the rating agency. Each rating should be evaluated independently of any other rating. Any future reduction or withdrawal of one or more of our credit ratings could have a material adverse impact on our ability to obtain short- and long-term financing, the cost of such financings and the execution of our commercial strategies.

A decline in credit ratings could increase borrowing costs under our $1.2 billion revolving credit facility, CenterPoint Houston's $300 million revolving credit facility and CERC Corp.'s $600 million revolving credit facility. If our credit ratings or those of CenterPoint Houston or CERC Corp. had been downgraded one notch by each of the three principal credit rating agencies from the ratings that existed at December 31, 2014, the impact on the borrowing costs under the three revolving credit facilities would have been immaterial. A decline in credit ratings would also increase the interest rate on long-term debt to be issued in the capital markets and could negatively impact our ability to complete capital market transactions and to access the commercial paper market. Additionally, a decline in credit ratings could increase cash collateral requirements and reduce earnings of our Natural Gas Distribution and Energy Services Business Segments.

CERC Corp. and its subsidiaries purchase natural gas from one of their suppliers under supply agreements that contain an aggregate credit threshold of $140 million based on CERC Corp.'s S&P senior unsecured long-term debt rating of A-. Under these agreements, CERC may need to provide collateral if the aggregate threshold is exceeded or if the S&P senior unsecured long-term debt rating is downgraded below BBB+.

CenterPoint Energy Services, Inc. (CES), a wholly owned subsidiary of CERC Corp. operating in our Energy Services business segment, provides natural gas sales and services primarily to commercial and industrial customers and electric and gas utilities throughout the central and eastern United States. In order to economically hedge its exposure to natural gas prices, CES uses derivatives with provisions standard for the industry, including those pertaining to credit thresholds. Typically, the credit threshold negotiated with each counterparty defines the amount of unsecured credit that such counterparty will extend to CES. To the extent that the credit exposure that a counterparty has to CES at a particular time does not exceed that credit threshold, CES is not obligated to provide collateral. Mark-to-market exposure in excess of the credit threshold is routinely collateralized by CES. As of December 31, 2014, the amount posted as collateral aggregated approximately $83 million. Should the credit ratings of CERC Corp. (as the credit support provider for CES) fall below certain levels, CES would be required to provide additional collateral up to the amount of its previously unsecured credit limit. We estimate that as of December 31, 2014, unsecured credit limits extended to CES by counterparties aggregated $308 million, and $1 million of such amount was utilized.

Pipeline tariffs and contracts typically provide that if the credit ratings of a shipper or the shipper's guarantor drop below a threshold level, which is generally investment grade ratings from both Moody's and S&P, cash or other collateral may be demanded from the shipper in an amount equal to the sum of three months' charges for pipeline services plus the unrecouped cost of any lateral built for such shipper. If the credit ratings of CERC Corp. decline below the applicable threshold levels, CERC Corp. might need to provide cash or other collateral of as much as $160 million as of December 31, 2014. The amount of collateral will depend on seasonal variations in transportation levels.

In September 1999, we issued Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS) having an original principal amount of $1.0 billion of which $828 million remains outstanding at December 31, 2014. Each ZENS note was originally exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares of Time Warner Inc. common stock (TW Common) attributable to such note. The number and identity of the reference shares attributable to each ZENS note are adjusted for certain corporate events. On June 6, 2014, Time Warner Inc. spun off its ownership of Time Inc. by distributing one share of Time Inc. common stock (Time Common) for every eight shares of TW Common held on the May 23, 2014 record date. As of December 31, 2014, the reference shares for each ZENS note consisted of 0.5 share of TW Common, 0.125505 share of Time Warner Cable Inc. (TWC) common stock (TWC Common), 0.045455 share of AOL Inc. common stock (AOL Common) and 0.0625 share of Time Common. On February 13, 2014, TWC announced that it had agreed to merge with Comcast Corporation (Comcast). In the merger, each share of TWC Common would be exchanged for 2.875 shares of Comcast common stock (Comcast Common). Upon the closing of the merger (assuming no change in the merger consideration), the reference shares for each ZENS note would include 0.360827 share of Comcast Common in place of the current 0.125505 share of TWC Common. If our creditworthiness were to drop such that ZENS note holders thought our liquidity was adversely affected or the market for the ZENS notes were to become illiquid, some ZENS note holders might decide to exchange their ZENS notes for cash. Funds for the payment of cash upon exchange could be obtained from the sale of the shares of TW Common, TWC Common, AOL Common and Time Common that we own or from other sources. We own shares of TW Common, TWC Common, AOL Common and Time Common equal to approximately 100% of the reference shares used to calculate our obligation to the holders of the ZENS notes. ZENS note exchanges result in a cash outflow because tax deferrals related to the ZENS notes and TW Common, TWC Common, AOL Common and Time Common shares would typically cease when ZENS notes are exchanged or otherwise retired and TW Common, TWC Common, AOL Common and Time Common shares are sold. The ultimate tax liability related to the ZENS notes continues to increase by the amount of the tax benefit realized each year, and there could be a significant cash outflow when the taxes are paid as a result of the retirement of the ZENS notes. If all ZENS notes had been exchanged for cash on December 31, 2014, deferred taxes of approximately $357 million would have been payable in 2014. If all the TW Common, TWC Common, AOL Common and Time Common had been sold on December 31, 2014, capital gains taxes of approximately $278 million would have been payable in 2014.

Cross Defaults

Under our revolving credit facility, a payment default on, or a non-payment default that permits acceleration of, any indebtedness for borrowed money and certain other specified types of obligations (including guarantees) exceeding $75 million by us or any of our significant subsidiaries will cause a default. In addition, three outstanding series of our senior notes, aggregating $750 million in principal amount as of December 31, 2014, provide that a payment default by us, CERC Corp. or CenterPoint Houston in respect of, or an acceleration of, borrowed money and certain other specified types of obligations (including guarantees), in the aggregate principal amount of $50 million, will cause a default. A default by CenterPoint Energy would not trigger a default under our subsidiaries' debt instruments or revolving credit facilities.

Possible Acquisitions, Divestitures and Joint Ventures

From time to time, we consider the acquisition or the disposition of assets or businesses or possible joint ventures or other joint ownership arrangements with respect to assets or businesses. Any determination to take action in this regard will be based on market conditions and opportunities existing at the time, and accordingly, the timing, size or success of any efforts and the associated potential capital commitments are unpredictable. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances. Debt or equity financing may not, however, be available to us at that time due to a variety of events, including, among others, maintenance of our credit ratings, industry conditions, general economic conditions, market conditions and market perceptions.

Enable Midstream Partners

Certain of the entities contributed to Enable by CERC Corp. are obligated on approximately $363 million of indebtedness owed to a wholly owned subsidiary of CERC Corp. that is scheduled to mature in 2017.

Following its IPO in April 2014, Enable is expected to pay a minimum quarterly distribution of $0.2875 per unit on its outstanding units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to its general partner and its affiliates (referred to as "available cash") within 45 days after the end of each quarter. On January 23, 2015, Enable declared a quarterly cash distribution of $0.30875 per unit on all of its outstanding common and subordinated units for the quarter ended December 31, 2014. Accordingly, CERC Corp. expects to receive a cash distribution of approximately $72 million from Enable in the first quarter of 2015 to be made with respect to CERC Corp.'s limited partner interest in Enable for the fourth quarter of 2014.

Dodd-Frank Swaps Regulation

We use derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices and weather on our operating results and cash flows. Following enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) in July 2010, the Commodity Futures Trading Commission (CFTC) has promulgated regulations to implement Dodd-Frank's changes to the Commodity Exchange Act, including the definition of commodity-based swaps subject to those regulations. The CFTC regulations are intended to implement new reporting and record keeping requirements related to their swap transactions and a mandatory clearing and exchange-execution regime for various types, categories or classes of swaps, subject to certain exemptions, including the trade-option and end-user exemptions. Although we anticipate that most, if not all, of our swap transactions should qualify for an exemption to the clearing and exchange-execution requirements, we will still be subject to record keeping and reporting requirements. Other changes to the Commodity Exchange Act made as a result of Dodd-Frank and the CFTC's implementing regulations could increase the cost of entering into new swaps.

Collection of Receivables from REPs

CenterPoint Houston's receivables from the distribution of electricity are collected from REPs that supply the electricity CenterPoint Houston distributes to their customers. Adverse economic conditions, structural problems in the market served by ERCOT or financial difficulties of one or more REPs could impair the ability of these REPs to pay for CenterPoint Houston's services or could cause them to delay such payments. CenterPoint Houston depends on these REPs to remit payments on a timely basis, and any delay or default in payment by REPs could adversely affect CenterPoint Houston's cash flows. In the event of a REP's default, CenterPoint Houston's tariff provides a number of remedies, including the option for CenterPoint Houston to request that the Texas Utility Commission suspend or revoke the certification of the REP. Applicable regulatory provisions require that customers be shifted to another REP or a provider of last resort if a REP cannot make timely payments. However, CenterPoint Houston remains at risk for payments related to services provided prior to the shift to the replacement REP or the provider of last resort. If a REP were unable to meet its obligations, it could consider, among various options, restructuring under the bankruptcy laws, in which event such REP might seek to avoid honoring its obligations, and claims might be made against CenterPoint Houston involving payments it had received from such REP. If a REP were to file for bankruptcy, CenterPoint Houston may not be successful in recovering accrued receivables owed by such REP that are unpaid as of the date the REP filed for bankruptcy. However, Texas Utility Commission regulations authorize utilities, such as CEHE, to defer bad debts resulting from defaults by REPs for recovery in future rate cases, subject to a review of reasonableness and necessity.

Other Factors that Could Affect Cash Requirements

In addition to the above factors, our liquidity and capital resources could be affected by:

- cash collateral requirements that could exist in connection with certain contracts, including our weather hedging arrangements, and gas purchases, gas price and gas storage activities of our Natural Gas Distribution and Energy Services business segments;

- acceleration of payment dates on certain gas supply contracts, under certain circumstances, as a result of increased gas prices and concentration of natural gas suppliers;

- increased costs related to the acquisition of natural gas;

- increases in interest expense in connection with debt refinancings and borrowings under credit facilities;

- various legislative or regulatory actions;

- incremental collateral, if any, that may be required due to regulation of derivatives;

- the ability of GenOn and its subsidiaries to satisfy their obligations in respect of GenOn's indemnity obligations to us and our subsidiaries;

- the ability of REPs, including REP affiliates of NRG Energy, Inc. and Energy Future Holdings Corp., to satisfy their obligations to us and our subsidiaries;

- slower customer payments and increased write-offs of receivables due to higher gas prices or changing economic conditions;

- the outcome of litigation brought by and against us;

- contributions to pension and postretirement benefit plans;

- restoration costs and revenue losses resulting from future natural disasters such as hurricanes and the timing of recovery of such restoration costs; and

- various other risks identified in "Risk Factors" in Item 1A of Part I of this report.

Certain Contractual Limits on Our Ability to Issue Securities and Borrow Money

CenterPoint Houston's revolving credit facility limits CenterPoint Houston's consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of its consolidated capitalization. CERC Corp.'s revolving credit facility limits CERC's consolidated debt to an amount not to exceed 65% of its consolidated capitalization. Our revolving credit facility limits our consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of our consolidated capitalization. The financial covenant limit in our revolving credit facility will temporarily increase from 65% to 70% if CenterPoint Houston experiences damage from a natural disaster in its service territory that meets certain criteria. Additionally, CenterPoint Houston has contractually agreed that it will not issue additional first mortgage bonds, subject to certain exceptions.

CRITICAL ACCOUNTING POLICIES

A critical accounting policy is one that is both important to the presentation of our financial condition and results of operations and requires management to make difficult, subjective or complex accounting estimates. An accounting estimate is an approximation made by management of a financial statement element, item or account in the financial statements. Accounting estimates in our historical consolidated financial statements measure the effects of past business transactions or events, or the present status of an asset or liability. The accounting estimates described below require us to make assumptions about matters that are highly uncertain at the time the estimate is made. Additionally, different estimates that we could have used or changes in an accounting estimate that are reasonably likely to occur could have a material impact on the presentation of our financial condition, results of operations or cash flows. The circumstances that make these judgments difficult, subjective and/or complex have to do with the need to make estimates about the effect of matters that are inherently uncertain. Estimates and assumptions about future events and their effects cannot be predicted with certainty. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. Our significant accounting policies are discussed in Note 2 to our consolidated financial statements. We believe the following accounting policies involve the application of critical accounting estimates. Accordingly, these accounting estimates have been reviewed and discussed with the audit committee of the board of directors.

Accounting for Rate Regulation

Accounting guidance for regulated operations provides that rate-regulated entities account for and report assets and liabilities consistent with the recovery of those incurred costs in rates if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Our Electric Transmission & Distribution business segment and our Natural Gas Distribution business segment apply this accounting guidance. Certain expenses and revenues subject to utility regulation or rate determination normally reflected in income are deferred on the balance sheet as regulatory assets or liabilities and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. Regulatory assets and liabilities are recorded when it is probable that these items will be recovered or reflected in future rates. Determining probability requires significant judgment on the part of management and includes, but is not limited to, consideration of testimony presented in regulatory hearings, proposed regulatory decisions, final regulatory orders and the strength or status of applications for rehearing or state court appeals. If events were to occur that would make the recovery of these assets and liabilities no longer probable, we would be required to write off or write down these regulatory assets and liabilities. At December 31, 2014, we had recorded regulatory assets of $3.5 billion and regulatory liabilities of $1.2 billion.

Impairment of Long-Lived Assets, Including Identifiable Intangibles, Goodwill and Equity Method Investments

We review the carrying value of our long-lived assets, including identifiable intangibles, goodwill and equity method investments whenever events or changes in circumstances indicate that such carrying values may not be recoverable, and at least annually for goodwill as required by accounting guidance for goodwill and other intangible assets. A loss in value of an equity method investment is recognized when the decline is deemed to be other than temporary. Unforeseen events and changes in market conditions could have a material effect on the value of long-lived assets, including intangibles, goodwill and equity method investments due to changes in estimates of future cash flows, interest rate and regulatory matters and could result in an impairment charge. We recorded goodwill impairment of $-0- during 2014 and 2013, and $252 million during 2012. We did not record material impairments to long-lived assets, including intangibles, or equity method investments during 2014, 2013, and 2012.

We performed our annual goodwill impairment test in the third quarter of 2014 and determined, based on the results of the first step, using the income approach, no impairment charge was required for any reporting unit. Our reporting units approximate our reportable segments.

Fair value is the amount at which the asset could be bought or sold in a current transaction between willing parties and may be estimated using a number of techniques, including quoted market prices or valuations by third parties, present value techniques based on estimates of cash flows, or multiples of earnings or revenue performance measures. The fair value of the asset could be different using different estimates and assumptions in these valuation techniques.

The determination of fair value requires significant assumptions by management which are subjective and forward-looking in nature. To assist in making these assumptions, we utilized a third-party valuation specialist in both determining and testing key assumptions used in the valuation of each of our reporting units. We based our assumptions on projected financial information that we believe is reasonable; however, actual results may differ materially from those projections. These projected cash flows factor in planned growth initiatives, and for our Natural Gas Distribution reporting unit, the regulatory environment. The fair value of our Natural Gas Distribution reporting unit significantly exceeded the carrying value. The fair value of our Energy Services reporting unit exceeded the carrying value by approximately $50 million or approximately 14% excess fair value over the carrying value.

A key assumption in the income approach was the weighted average cost of capital of 5.5% and 5.9% applied in the valuation for Natural Gas Distributions and Energy Services, respectively. An increase in the discount rate to greater than 6.5%, a decline in long-term growth rate from 3% to 2.3%, or a decrease in the aggregate cash flows of greater than 15% could have individually triggered a step-two goodwill impairment evaluation for our Energy Services reporting unit in 2014.

Although there was not a goodwill asset impairment in our 2014 annual test, an interim impairment test could be triggered by the following: actual earnings results that are materially lower than expected, significant adverse changes in the operating environment, an increase in the discount rate, changes in other key assumptions which require judgment and are forward looking in nature, or if our market capitalization falls below book value for an extended period of time. No impairment triggers were identified subsequent to our 2014 annual test.

Unbilled Energy Revenues

Revenues related to electricity delivery and natural gas sales and services are generally recognized upon delivery to customers. However, the determination of deliveries to individual customers is based on the reading of their meters, which is performed on a systematic basis throughout the month either electronically through AMS meter communications or manual readings. At the end of each month, deliveries to non-AMS customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. Information regarding deliveries to AMS customers after the last billing is obtained from actual AMS meter usage data. Unbilled electricity delivery revenue is estimated each month based on actual AMS meter data, daily supply volumes and applicable rates. Unbilled natural gas sales are estimated based on estimated purchased gas volumes, estimated lost and unaccounted for gas and tariffed rates in effect. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Pension and Other Retirement Plans

We sponsor pension and other retirement plans in various forms covering all employees who meet eligibility requirements. We use several statistical and other factors that attempt to anticipate future events in calculating the expense and liability related to our plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as estimated by management, within certain guidelines. In addition, our actuarial consultants use subjective factors such as withdrawal and mortality rates. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded. Please read "— Other Significant Matters — Pension Plans" for further discussion.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 2(o) to our consolidated financial statements for a discussion of new accounting pronouncements that affect us.

OTHER SIGNIFICANT MATTERS

Pension Plans. As discussed in Note 6(b) to our consolidated financial statements, we maintain a non-contributory qualified defined benefit pension plan covering substantially all employees. Employer contributions for the qualified plan are based on actuarial computations that establish the minimum contribution required under the Employee Retirement Income Security Act of 1974 (ERISA) and the maximum deductible contribution for income tax purposes.

Under the terms of our pension plan, we reserve the right to change, modify or terminate the plan. Our funding policy is to review amounts annually and contribute an amount at least equal to the minimum contribution required under ERISA.

The minimum funding requirements for the qualified pension plan were $87 million, $83 million and $73 million for 2014, 2013 and 2012, respectively. We made contributions of $87 million, $83 million and $73 million in 2014, 2013 and 2012 for the respective years. We expect to make contributions aggregating approximately $35 million in 2015.

Additionally, we maintain an unfunded non-qualified benefit restoration plan that allows participants to receive the benefits to which they would have been entitled under our non-contributory pension plan except for the federally mandated limits on qualified plan benefits or on the level of compensation on which qualified plan benefits may be calculated. Employer contributions for the non-qualified benefit restoration plan represent benefit payments made to participants and totaled $10 million, $8 million and $9 million in 2014, 2013 and 2012, respectively. We expect to make contributions aggregating approximately $31 million in 2015.

Changes in pension obligations and assets may not be immediately recognized as pension expense in the income statement, but generally are recognized in future years over the remaining average service period of plan participants. As such, significant portions of pension expense recorded in any period may not reflect the actual level of benefit payments provided to plan participants.

As the sponsor of a plan, we are required to (a) recognize on our balance sheet as an asset a plan's over-funded status or as a liability such plan's under-funded status, (b) measure a plan's assets and obligations as of the end of our fiscal year and (c) recognize changes in the funded status of our plans in the year that changes occur through adjustments to other comprehensive income and regulatory assets.

The projected benefit obligation for all defined benefit pension plans was $2,403 million and $2,153 million as of December 31, 2014 and 2013, respectively. The adoption of the new mortality table by the Society of Actuaries as of December 31, 2014 significantly contributed to the increase in the projected benefit obligation for the year.

As of December 31, 2014, the projected benefit obligation exceeded the market value of plan assets of our pension plans by $478 million. Changes in interest rates or the market values of the securities held by the plan during 2015 could materially, positively or negatively, change our funded status and affect the level of pension expense and required contributions.

Pension cost was $77 million, $72 million and $82 million for 2014, 2013 and 2012, respectively, of which $71 million, $64 million and $67 million impacted pre-tax earnings. Included in the 2014 pension cost was $6 million related to the curtailment loss discussed below.

During the fourth quarter of 2014, CenterPoint Energy received notification from Enable of its intent to provide employment offers to substantially all seconded employees. As a result, an additional pension cost of $6 million was recognized for the curtailment loss related to our pension plans. Substantially all of the seconded employees became employees of Enable effective January 1, 2015.

The calculation of pension expense and related liabilities requires the use of assumptions. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from the assumptions. Two of the most critical assumptions are the expected long-term rate of return on plan assets and the assumed discount rate.

As of December 31, 2014, our qualified pension plan had an expected long-term rate of return on plan assets of 6.50%, which is a 0.50% decrease from the rate assumed as of December 31, 2013 due to the increase in the allocation to fixed income investments in our targeted asset allocation. The expected rate of return assumption was developed using the targeted asset allocation of our plans and the expected return for each asset class. We regularly review our actual asset allocation and periodically rebalance plan assets to reduce volatility and better match plan assets and liabilities.

As of December 31, 2014, the projected benefit obligation was calculated assuming a discount rate of 4.05%, which is 0.75% lower than the 4.80% discount rate assumed in 2013. The discount rate was determined by reviewing yields on high-quality bonds that receive one of the two highest ratings given by a recognized rating agency and the expected duration of pension obligations specific to the characteristics of our plan.

Pension cost for 2015, including the benefit restoration plan, is estimated to be $80 million, of which we expect $55 million to impact pre-tax earnings, based on an expected return on plan assets of 6.50% and a discount rate of 4.05% as of December 31, 2014. If the expected return assumption were lowered by 0.50% from 6.50% to 6.00%, 2015 pension cost would increase by approximately $9 million.

As of December 31, 2014, the pension plan projected benefit obligation, including the unfunded benefit restoration plan, exceeded plan assets by $478 million. If the discount rate were lowered by 0.50% from 4.05% to 3.55%, the assumption change would increase our projected benefit obligation by approximately $130 million and decrease our pension expense by approximately $3 million. The expected reduction in pension expense due to the decrease in discount rate is a result of the expected correlation between the reduced interest rate and appreciation of fixed income assets in pension plans with significantly more fixed income instruments than equity instruments. In addition, the assumption change would impact our Consolidated Balance Sheet by increasing the regulatory asset recorded as of December 31, 2014 by $113 million and would result in a charge to comprehensive income in 2014 of $11 million, net of tax.

Future changes in plan asset returns, assumed discount rates and various other factors related to the pension plan will impact our future pension expense and liabilities. We cannot predict with certainty what these factors will be.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Impact of Changes in Interest Rates and Energy Commodity Prices

We are exposed to various market risks. These risks arise from transactions entered into in the normal course of business and are inherent in our consolidated financial statements. Most of the revenues and income from our business activities are affected by market risks. Categories of market risk include exposure to commodity prices through non-trading activities, interest rates and equity prices. A description of each market risk is set forth below:

- Commodity price risk results from exposures to changes in spot prices, forward prices and price volatilities of commodities, such as natural gas, natural gas liquids and other energy commodities.
- Interest rate risk primarily results from exposures to changes in the level of borrowings and changes in interest rates.
- Equity price risk results from exposures to changes in prices of individual equity securities.

Management has established comprehensive risk management policies to monitor and manage these market risks. We manage these risk exposures through the implementation of our risk management policies and framework. We manage our commodity price risk exposures through the use of derivative financial instruments and derivative commodity instrument contracts. During the normal course of business, we review our hedging strategies and determine the hedging approach we deem appropriate based upon the circumstances of each situation.

Derivative instruments such as futures, forward contracts, swaps and options derive their value from underlying assets, indices, reference rates or a combination of these factors. These derivative instruments include negotiated contracts, which are referred to as over-the-counter derivatives, and instruments that are listed and traded on an exchange.

Derivative transactions are entered into in our non-trading operations to manage and hedge certain exposures, such as exposure to changes in natural gas prices. We believe that the associated market risk of these instruments can best be understood relative to the underlying assets or risk being hedged.

Interest Rate Risk

As of December 31, 2014, we had outstanding long-term debt, lease obligations and obligations under our ZENS that subject us to the risk of loss associated with movements in market interest rates.

Our floating rate obligations aggregated $532 million and $118 million at December 31, 2014 and 2013, respectively.

As of December 31, 2014 and 2013, we had outstanding fixed-rate debt (excluding indexed debt securities) aggregating $8.2 billion and $8.1 billion, respectively, in principal amount and having a fair value of $8.9 billion and $8.6 billion, respectively.

Because these instruments are fixed-rate, they do not expose us to the risk of loss in earnings due to changes in market interest rates (please read Note 12 to our consolidated financial statements). However, the fair value of these instruments would increase by approximately $232 million if interest rates were to decline by 10% from their levels at December 31, 2014. In general, such an increase in fair value would impact earnings and cash flows only if we were to reacquire all or a portion of these instruments in the open market prior to their maturity.

As discussed in Note 10 to our consolidated financial statements, the ZENS obligation is bifurcated into a debt component and a derivative component. The debt component of $152 million at December 31, 2014 was a fixed-rate obligation and, therefore, did not expose us to the risk of loss in earnings due to changes in market interest rates. However, the fair value of the debt component would increase by approximately $25 million if interest rates were to decline by 10% from levels at December 31, 2014. Changes in the fair value of the derivative component, a $541 million recorded liability at December 31, 2014, are recorded in our Statements of Consolidated Income and, therefore, we are exposed to changes in the fair value of the derivative component as a result of changes in the underlying risk-free interest rate. If the risk-free interest rate were to increase by 10% from December 31, 2014 levels, the fair value of the derivative component liability would increase by approximately $9 million, which would be recorded as an unrealized loss in our Statements of Consolidated Income.

Equity Market Value Risk

We are exposed to equity market value risk through our ownership of 7.1 million shares of TW Common, 1.8 million shares of TWC Common, 0.6 million shares of AOL Common and 0.9 million shares of Time Common, which we hold to facilitate our ability to meet our obligations under the ZENS. Please read Note 10 to our consolidated financial statements for a discussion of our ZENS obligation. A decrease of 10% from the December 31, 2014 aggregate market value of these shares would result in a net loss of approximately $14 million, which would be recorded as an unrealized loss in our Statements of Consolidated Income.

Commodity Price Risk From Non-Trading Activities

We use derivative instruments as economic hedges to offset the commodity price exposure inherent in our businesses. The stand-alone commodity risk created by these instruments, without regard to the offsetting effect of the underlying exposure these instruments are intended to hedge, is described below. We measure the commodity risk of our non-trading energy derivatives using a sensitivity analysis. The sensitivity analysis performed on our non-trading energy derivatives measures the potential loss in fair value based on a hypothetical 10% movement in energy prices. At December 31, 2014, the recorded fair value of our non-trading energy derivatives was a net asset of $47 million (before collateral), all of which is related to our Energy Services business segment. An increase of 10% in the market prices of energy commodities from their December 31, 2014 levels would have decreased the fair value of our non-trading energy derivatives net asset by $7 million.

The above analysis of the non-trading energy derivatives utilized for commodity price risk management purposes does not include the favorable impact that the same hypothetical price movement would have on our non-derivative physical purchases and sales of natural gas to which the hedges relate. Furthermore, the non-trading energy derivative portfolio is managed to complement the physical transaction portfolio, reducing overall risks within limits. Therefore, the adverse impact to the fair value of the portfolio of non-trading energy derivatives held for hedging purposes associated with the hypothetical changes in commodity prices referenced above is expected to be substantially offset by a favorable impact on the underlying hedged physical transactions.

Item 8. ***Financial Statements and Supplementary Data***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related statements of consolidated income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CenterPoint Energy, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 26, 2015

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Year Ended December 31,		
	2014	2013	2012
	(in millions, except per share amounts)		
Revenues	$ 9,226	$ 8,106	$ 7,452
Expenses:			
Natural gas	4,921	3,908	2,873
Operation and maintenance	1,969	1,847	1,874
Depreciation and amortization	1,013	954	1,050
Taxes other than income taxes	388	387	365
Goodwill impairment	—	—	252
Total	8,291	7,096	6,414
Operating Income	935	1,010	1,038
Other Income (Expense):			
Gain on marketable securities	163	236	154
Loss on indexed debt securities	(86)	(193)	(71)
Interest and other finance charges	(353)	(351)	(422)
Interest on transition and system restoration bonds	(118)	(133)	(147)
Equity in earnings of unconsolidated affiliates	308	188	31
Step acquisition gain	—	—	136
Other, net	36	24	38
Total	(50)	(229)	(281)
Income Before Income Taxes	885	781	757
Income tax expense	274	470	340
Net Income	$ 611	$ 311	$ 417
Basic Earnings Per Share	$ 1.42	$ 0.73	$ 0.98
Diluted Earnings Per Share	$ 1.42	$ 0.72	$ 0.97
Weighted Average Shares Outstanding, Basic	430	428	427
Weighted Average Shares Outstanding, Diluted	432	431	430

See Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Net income	$ 611	$ 311	$ 417
Other comprehensive income (loss):			
Adjustment to pension and other postretirement plans (net of tax of $5, $25 and $2, respectively)	3	44	(2)
Reclassification of deferred loss from cash flow hedges realized in net income (net of tax)	1	1	—
Other comprehensive income (loss)	4	45	(2)
Comprehensive income	$ 615	$ 356	$ 415

See Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents ($290 and $207 related to VIEs, respectively)	$ 298	$ 208
Investment in marketable securities	930	767
Accounts receivable ($58 and $60 related to VIEs, respectively), less bad debt reserve of $26 and $28, respectively	837	851
Accrued unbilled revenues	357	398
Inventory	379	285
Non-trading derivative assets	99	24
Taxes receivable	190	—
Prepaid expense and other current assets ($47 and $41 related to VIEs, respectively)	178	125
Total current assets	3,268	2,658
Property, Plant and Equipment, net	10,502	9,593
Other Assets:		
Goodwill	840	840
Regulatory assets ($2,738 and $3,179 related to VIEs, respectively)	3,527	3,726
Notes receivable - affiliated companies	363	363
Non-trading derivative assets	32	10
Investment in unconsolidated affiliates	4,521	4,518
Other	147	162
Total other assets	9,430	9,619
Total Assets	$ 23,200	$ 21,870
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	$ 53	$ 43
Current portion of VIE transition and system restoration bonds long-term debt	372	354
Indexed debt	152	143
Current portion of other long-term debt	271	—
Indexed debt securities derivative	541	455
Accounts payable	716	689
Taxes accrued	161	184
Interest accrued	124	124
Non-trading derivative liabilities	19	17
Accumulated deferred income taxes, net	683	608
Other	383	402
Total current liabilities	3,475	3,019
Other Liabilities:		
Accumulated deferred income taxes, net	4,757	4,542
Non-trading derivative liabilities	1	4
Benefit obligations	953	802
Regulatory liabilities	1,206	1,152
Other	251	205
Total other liabilities	7,168	6,705
Long-term Debt:		
VIE transition and system restoration bonds	2,674	3,046
Other long-term debt	5,335	4,771
Total long-term debt	8,009	7,817
Commitments and Contingencies (Note 14)		
Shareholders' Equity	4,548	4,329
Total Liabilities and Shareholders' Equity	$ 23,200	$ 21,870

See Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended December 31, 2014	2013	2012
		(in millions)	
Cash Flows from Operating Activities:			
Net income	$ 611	$ 311	$ 417
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,013	954	1,050
Amortization of deferred financing costs	28	30	32
Deferred income taxes	280	356	328
Goodwill impairment	—	—	252
Step acquisition gain	—	—	(136)
Unrealized gain on marketable securities	(163)	(236)	(154)
Unrealized loss on indexed debt securities	86	193	71
Write-down of natural gas inventory	8	4	4
Equity in earnings of unconsolidated affiliates, net of distributions	(2)	(58)	8
Pension contributions	(97)	(91)	(82)
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenues, net	39	(256)	10
Inventory	(102)	(22)	27
Taxes receivable	(190)	7	(7)
Accounts payable	(3)	152	(6)
Fuel cost recovery	(41)	108	(52)
Non-trading derivatives, net	(34)	4	20
Margin deposits, net	(79)	16	53
Interest and taxes accrued	(23)	41	(62)
Net regulatory assets and liabilities	22	61	66
Other current assets	1	(2)	(12)
Other current liabilities	(20)	21	18
Other assets	9	(24)	(18)
Other liabilities	41	20	16
Other, net	13	24	17
Net cash provided by operating activities	1,397	1,613	1,860
Cash Flows from Investing Activities:			
Capital expenditures, net of acquisitions	(1,372)	(1,286)	(1,212)
Acquisitions, net of cash acquired	—	—	(360)
Decrease (increase) in restricted cash of transition and system restoration bond companies	(7)	17	(13)
Investment in unconsolidated affiliates	(1)	—	(5)
Cash contribution to Enable	—	(38)	—
Proceeds from sale of marketable securities	—	9	—
Other, net	(4)	(2)	(13)
Net cash used in investing activities	(1,384)	(1,300)	(1,603)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term borrowings, net	10	5	(24)
Proceeds from (payments of) commercial paper, net	414	118	(285)
Proceeds from long-term debt	600	1,050	2,495
Payments of long-term debt	(537)	(1,573)	(1,590)
Cash paid for debt exchange and debt retirement	(1)	(7)	(69)
Debt issuance costs	(8)	(3)	(16)
Redemption of indexed debt securities	—	(8)	—
Payment of common stock dividends	(408)	(355)	(346)
Proceeds from issuance of common stock, net	1	4	4
Other, net	6	18	—
Net cash provided by (used in) financing activities	77	(751)	169
Net Increase (Decrease) in Cash and Cash Equivalents	90	(438)	426
Cash and Cash Equivalents at Beginning of Year	208	646	220
Cash and Cash Equivalents at End of Year	$ 298	$ 208	$ 646

See Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS, cont.

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Supplemental Disclosure of Cash Flow Information:			
Cash Payments:			
Interest, net of capitalized interest	$ 434	$ 475	$ 556
Income taxes, net	192	35	46
Non-cash transactions:			
Accounts payable related to capital expenditures	104	74	110
Formation of Enable	—	4,252	—
Exercise of SESH put to Enable	196	—	—

See Notes to Consolidated Financial Statements

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

	2014		2013		2012	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions of dollars and shares)					
Preference Stock, none outstanding	—	$ —	—	$ —	—	$ —
Cumulative Preferred Stock, $0.01 par value; authorized 20,000,000 shares, none outstanding	—	—	—	—	—	—
Common Stock, $0.01 par value; authorized 1,000,000,000 shares						
Balance, beginning of year	429	4	428	4	426	4
Issuances related to benefit and investment plans	1	—	1	—	2	—
Balance, end of year	430	4	429	4	428	4
Additional Paid-in-Capital						
Balance, beginning of year		4,157		4,130		4,120
Issuances related to benefit and investment plans		12		27		10
Balance, end of year		4,169		4,157		4,130
Retained Earnings						
Balance, beginning of year		258		302		231
Net income		611		311		417
Common stock dividends		(408)		(355)		(346)
Balance, end of year		461		258		302
Accumulated Other Comprehensive Loss						
Balance, end of year:						
Adjustment to pension and postretirement plans		(85)		(88)		(132)
Net deferred loss from cash flow hedges		(1)		(2)		(3)
Total accumulated other comprehensive loss, end of year		(86)		(90)		(135)
Total Shareholders' Equity		$ 4,548		$ 4,329		$ 4,301

See Notes to Consolidated Financial Statements

(1) Background

CenterPoint Energy, Inc. is a public utility holding company. CenterPoint Energy's operating subsidiaries own and operate electric transmission and distribution facilities and natural gas distribution facilities and own interests in Enable Midstream Partners, LP (Enable) as described below. As of December 31, 2014, CenterPoint Energy's indirect wholly owned subsidiaries included:

- CenterPoint Energy Houston Electric, LLC (CenterPoint Houston), which engages in the electric transmission and distribution business in the Texas Gulf Coast area that includes the city of Houston; and

- CenterPoint Energy Resources Corp. (CERC Corp. and, together with its subsidiaries, CERC), which owns and operates natural gas distribution systems (NGD). A wholly owned subsidiary of CERC Corp. offers variable and fixed-price physical natural gas supplies primarily to commercial and industrial customers and electric and gas utilities. As of December 31, 2014, CERC Corp. also owned approximately 55.4% of the limited partner interests in Enable, which owns, operates and develops natural gas and crude oil infrastructure assets.

For a description of CenterPoint Energy's reportable business segments, see Note 17.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

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

(b) Principles of Consolidation

The accounts of CenterPoint Energy and its wholly owned and majority owned subsidiaries are included in the consolidated financial statements. All intercompany transactions and balances are eliminated in consolidation. CenterPoint Energy generally uses the equity method of accounting for investments in entities in which CenterPoint Energy has an ownership interest between 20% and 50% and exercises significant influence. CenterPoint Energy also uses the equity method for investments in which it has ownership percentages greater than 50%, when it exercises significant influence, does not have control and is not considered the primary beneficiary, if applicable.

On March 14, 2013, CenterPoint Energy entered into a Master Formation Agreement (MFA) with OGE Energy Corp. (OGE) and affiliates of ArcLight Capital Partners, LLC (ArcLight), pursuant to which CenterPoint Energy, OGE and ArcLight agreed to form Enable as a private limited partnership. On May 1, 2013, the parties closed on the formation of Enable. In connection with the closing (i) CERC Corp. converted its direct wholly owned subsidiary, CenterPoint Energy Field Services, LLC, a Delaware limited liability company (CEFS), into a Delaware limited partnership that became Enable, (ii) CERC Corp. contributed to Enable its equity interests in each of CenterPoint Energy Gas Transmission Company, LLC, which has been subsequently renamed Enable Gas Transmission, LLC (EGT), CenterPoint Energy - Mississippi River Transmission, LLC, which has been subsequently renamed Enable Mississippi River Transmission, LLC (MRT), certain of its other midstream subsidiaries (Other CNP Midstream Subsidiaries), and a 24.95% interest in Southeast Supply Header, LLC (SESH and, collectively with CEFS, EGT, MRT and Other CNP Midstream Subsidiaries, CenterPoint Midstream), and (iii) OGE and ArcLight indirectly contributed 100% of the equity interests in Enogex LLC, which has been subsequently renamed Enable Oklahoma Intrastate Transmission, LLC (Enogex), to Enable.

The formation of Enable by CenterPoint Energy was considered a contribution of in-substance real estate to a limited partnership as the businesses are composed of, and reliant upon, substantial real estate assets and integral equipment. Real estate assets and integral equipment primarily include gas transmission pipelines, compressor station equipment, rights of way, storage and processing assets and long-term customer contracts. Accordingly, CenterPoint Energy did not recognize a gain or loss upon contribution and recorded its investment in Enable using the equity method of accounting based on the historical cost of the contributed assets and liabilities as of May 1, 2013 (Closing Date). Approximately $5.8 billion of assets (which includes $4.7 billion in property, plant and equipment, net, $629 million in goodwill and $197 million for the 24.95% investment in SESH) and

$1.5 billion of liabilities (which includes a term loan and the indebtedness owed to CERC of $1.05 billion and $363 million, respectively) were contributed by CERC Corp. CenterPoint Energy has the ability to significantly influence the operating and financial policies of, but not solely control, Enable and, accordingly, recorded an equity method investment, at the historical costs of net assets contributed, of $4.3 billion in Enable on the Closing Date. Pursuant to the MFA, CenterPoint Energy retained certain assets and liabilities historically held by CenterPoint Midstream such as balances relating to federal income taxes and benefit plan obligations.

Under the equity method, CenterPoint Energy adjusts its investment in Enable each period for contributions made, distributions received, CenterPoint Energy's share of Enable's comprehensive income and accretion of basis differences, as appropriate. CenterPoint Energy evaluates its equity method investments for impairment when events or changes in circumstances indicate there is a loss in value of the investment that is other than a temporary decline.

CenterPoint Energy's investment in Enable is considered to be a variable interest entity (VIE) because the power to direct the activities that most significantly impact Enable's economic performance does not reside with the holders of equity investment at risk. However, CenterPoint Energy is not considered the primary beneficiary of Enable since it does not have the power to direct the activities of Enable that are considered most significant to the economic performance of Enable.

As of December 31, 2014, CERC Corp. and OGE held approximately 55.4% and 26.3%, respectively, of the limited partner interests in Enable. Enable is controlled jointly by CERC Corp. and OGE, and each own 50% of the management rights in the general partner of Enable.

As of December 31, 2014, CERC Corp. and OGE also own a 40% and 60% interest, respectively, in the incentive distribution rights held by the general partner of Enable. Enable is expected to pay a minimum quarterly distribution of $0.2875 per unit on its outstanding units to the extent it has sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to its general partner and its affiliates, within 45 days after the end of each quarter. If cash distributions to Enable's unitholders exceed $0.330625 per unit in any quarter, the general partner will receive increasing percentages or incentive distributions rights, up to 50%, of the cash Enable distributes in excess of that amount. In certain circumstances the general partner of Enable will have the right to reset the minimum quarterly distribution and the target distribution levels at which the incentive distributions receive increasing percentages to higher levels based on Enable's cash distributions at the time of the exercise of this reset election.

Prior to July 2012, CenterPoint Energy owned a 50% interest in Waskom Gas Processing Company (Waskom), a Texas general partnership, which owns and operates a natural gas processing plant and natural gas gathering assets. On July 31, 2012, CenterPoint Energy purchased the 50% interest that it did not already own in Waskom, as well as other gathering and related assets from a third-party for approximately $273 million. The purchase of the 50% interest in Waskom was determined to be a business combination achieved in stages, and as such CenterPoint Energy recorded a pre-tax gain of approximately $136 million on July 31, 2012, which is the result of remeasuring its original 50% interest in Waskom to fair value.

Other investments, excluding marketable securities, are carried at cost.

As of December 31, 2014, CenterPoint Energy had VIEs consisting of transition and system restoration bond companies, which it consolidates. The consolidated VIEs are wholly owned bankruptcy remote special purpose entities that were formed specifically for the purpose of securitizing transition and system restoration related property. Creditors of CenterPoint Energy have no recourse to any assets or revenues of the transition and system restoration bond companies. The bonds issued by these VIEs are payable only from and secured by transition and system restoration property and the bondholders have no recourse to the general credit of CenterPoint Energy.

(c) Revenues

CenterPoint Energy records revenue for electricity delivery and natural gas sales and services under the accrual method and these revenues are recognized upon delivery to customers. Electricity deliveries not billed by month-end are accrued based on actual advanced metering system data, daily supply volumes and applicable rates. Natural gas sales not billed by month-end are accrued based upon estimated purchased gas volumes, estimated lost and unaccounted for gas and currently effective tariff rates.

(d) Long-lived Assets and Intangibles

CenterPoint Energy records property, plant and equipment at historical cost. CenterPoint Energy expenses repair and maintenance costs as incurred.

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

(e) Regulatory Assets and Liabilities

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

CenterPoint Energy's rate-regulated businesses recognize removal costs as a component of depreciation expense in accordance with regulatory treatment. As of December 31, 2014 and 2013, these removal costs of $958 million and $941 million, respectively, are classified as regulatory liabilities in CenterPoint Energy's Consolidated Balance Sheets. In addition, a portion of the amount of removal costs that relate to asset retirement obligations has been reclassified from a regulatory liability to an asset retirement liability in accordance with accounting guidance for asset retirement obligations.

(f) Depreciation and Amortization Expense

Depreciation and amortization is computed using the straight-line method based on economic lives or regulatory-mandated recovery periods. Amortization expense includes amortization of regulatory assets and other intangibles.

(g) Capitalization of Interest and Allowance for Funds Used During Construction

Interest and allowance for funds used during construction (AFUDC) are capitalized as a component of projects under construction and are amortized over the assets' estimated useful lives once the assets are placed in service. AFUDC represents the composite interest cost of borrowed funds and a reasonable return on the equity funds used for construction for subsidiaries that apply the guidance for accounting for regulated operations. During 2014, 2013 and 2012, CenterPoint Energy capitalized interest and AFUDC of $11 million, $11 million and $9 million, respectively. During 2014, 2013 and 2012, CenterPoint Energy recorded AFUDC equity of $14 million, $8 million and $6 million, respectively, which is included in Other Income in its Statements of Consolidated Income.

(h) Income Taxes

CenterPoint Energy uses the asset and liability method of accounting for deferred income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established against deferred tax assets for which management believes realization is not considered to be more likely than not. CenterPoint Energy recognizes interest and penalties as a component of income tax expense.

(i) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. It is the policy of management to review the outstanding accounts receivable monthly, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts. Account balances are charged off against the allowance when management determines it is probable the receivable will not be recovered. The provision for doubtful accounts in CenterPoint Energy's Statements of Consolidated Income for 2014, 2013 and 2012 was $22 million, $21 million and $16 million, respectively.

(j) Inventory

Inventory consists principally of materials and supplies and natural gas. Materials and supplies are valued at the lower of average cost or market. Materials and supplies are recorded to inventory when purchased and subsequently charged to expense or capitalized to plant when installed. Natural gas inventories of CenterPoint Energy's Energy Services business segment are valued at the lower of average cost or market. Natural gas inventories of CenterPoint Energy's Natural Gas Distribution business segment are primarily valued at weighted average cost. During 2014, 2013 and 2012, CenterPoint Energy recorded $8 million, $4 million and $4 million, respectively, in write-downs of natural gas inventory to the lower of average cost or market.

	December 31,	
	2014	**2013**
Materials and supplies	$ 168	$ 140
Natural gas	211	145
Total inventory	$ 379	$ 285

(k) Derivative Instruments

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

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

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

(l) Investments in Other Debt and Equity Securities

CenterPoint Energy reports securities classified as trading at estimated fair value in its Consolidated Balance Sheets, and any unrealized holding gains and losses are recorded as other income (expense) in its Statements of Consolidated Income.

(m) Environmental Costs

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

(n) Statements of Consolidated Cash Flows

For purposes of reporting cash flows, CenterPoint Energy considers cash equivalents to be short-term, highly-liquid investments with maturities of three months or less from the date of purchase. In connection with the issuance of transition bonds and system restoration bonds, CenterPoint Energy was required to establish restricted cash accounts to collateralize the bonds that were issued in these financing transactions. These restricted cash accounts are not available for withdrawal until the maturity of the bonds and are not included in cash and cash equivalents. These restricted cash accounts of $47 million and $41 million at December 31, 2014 and 2013, respectively, are included in other current assets in CenterPoint Energy's Consolidated Balance Sheets. Cash and cash equivalents included $290 million and $207 million at December 31, 2014 and 2013, respectively, that was held by CenterPoint Energy's transition and system restoration bond subsidiaries solely to support servicing the transition and system restoration bonds.

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

(o) New Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08), which significantly changes the existing accounting guidance on discontinued operations. Under ASU 2014-08, only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results should be reported as a discontinued operation. ASU 2014-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. ASU 2014-08 should be applied to components classified as held for sale after its effective date. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The adoption is expected to reduce the number of disposals that meet the definition of a discontinued operation.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*) (ASU 2014-09), which supersedes most current revenue recognition guidance. ASU 2014-09 provides a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted, and entities have the option of using either a full retrospective or a modified retrospective adoption approach. Accordingly, CenterPoint Energy will adopt ASU 2014-09 on January 1, 2017, and is currently evaluating the impact that this standard will have on its financial position, results of operations, cash flows and disclosures.

In November 2014, the FASB issued ASU No. 2014-16, *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* (ASU 2014-16). ASU 2014-16 clarifies how current guidance should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the amendments clarify that an entity should consider all relevant terms and features, including the embedded derivative feature being evaluated for bifurcation, in evaluating the nature of a host contract. ASU 2014-16 is effective for fiscal years and interim periods beginning after December 15, 2015. CenterPoint Energy is currently assessing the impact, if any, that this standard will have on its financial position, results of operations, cash flows and disclosures.

In January 2015, the FASB issued ASU No. 2015-01, *Income Statement-Extraordinary and Unusual Items (Subtopic 225-20)-Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* (ASU 2015-01), which eliminates the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and may be applied either prospectively or retrospectively. CenterPoint Energy will adopt ASU 2015-01 on January 1, 2016 and does not anticipate the adoption to have a material impact on its consolidated financial statements.

Management believes that other recently issued standards, which are not yet effective, will not have a material impact on CenterPoint Energy's consolidated financial position, results of operations or cash flows upon adoption.

(3) Property, Plant and Equipment

(a) Property, Plant and Equipment

Property, plant and equipment includes the following:

	Weighted Average Useful Lives (Years)	December 31, 2014	December 31, 2013
		(in millions)	
Electric Transmission & Distribution	31	$ 9,393	$ 8,741
Natural Gas Distribution	33	5,235	4,694
Energy Services	27	84	82
Other property	22	646	621
Total		15,358	14,138
Accumulated depreciation and amortization:			
Electric Transmission & Distribution		3,050	2,907
Natural Gas Distribution		1,493	1,324
Energy Services		31	28
Other property		282	286
Total accumulated depreciation and amortization		4,856	4,545
Property, plant and equipment, net		$ 10,502	$ 9,593

(b) Depreciation and Amortization

The following table presents depreciation and amortization expense for 2014, 2013 and 2012 (in millions).

	2014	2013	2012
Depreciation expense	$ 521	$ 531	$ 562
Amortization expense	492	423	488
Total depreciation and amortization expense	$ 1,013	$ 954	$ 1,050

(c) Asset Retirement Obligations

A reconciliation of the changes in the asset retirement obligation (ARO) liability is as follows (in millions):

	December 31, 2014	December 31, 2013
Beginning balance	$ 134	$ 164
Accretion expense	5	5
Revisions in estimates of cash flows	37	(35)
Ending balance	$ 176	$ 134

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

The increase of $37 million in the ARO from the revision of estimate in 2014 is primarily attributable to a reduction of the estimated service lives of steel and plastic pipe. The decrease of $35 million in the ARO from the revision of estimate in 2013 is primarily attributable to a decrease in the future expected cash flows associated with the retirement of steel pipe.

(4) Goodwill

Goodwill by reportable business segment as of both December 31, 2014 and 2013 are as follows (in millions):

Natural Gas Distribution	$ 746
Energy Services (1)	83
Other	11
Total	$ 840

(1) Amounts presented are net of accumulated goodwill impairment charge of $252 million.

CenterPoint Energy performs its goodwill impairment tests at least annually and evaluates goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. The impairment evaluation for goodwill is performed by using a two-step process. In the first step, the fair value of each reporting unit, which approximate the reportable business segments, is compared with the carrying amount of the reporting unit, including goodwill. The estimated fair value of the reporting unit is generally determined on the basis of discounted cash flows. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, then a second step must be completed in order to determine the amount of the goodwill impairment that should be recorded. In the second step, the implied fair value of the reporting unit's goodwill is determined by allocating the reporting unit's fair value to all of its assets and liabilities other than goodwill (including any unrecognized intangible assets) in a manner similar to a purchase price allocation. The resulting implied fair value of the goodwill that results from the application of this second step is then compared to the carrying amount of the goodwill and an impairment charge is recorded for the difference.

CenterPoint Energy performed its annual impairment test in the third quarter of each of 2014 and 2013 and determined, based on the results of the first step, that no impairment charge was required for any reportable segment. Other intangibles were not material as of December 31, 2014 and 2013.

CenterPoint Energy's annual impairment test in the third quarter of 2012 resulted in a non-cash goodwill impairment charge in the amount of $252 million for the Energy Services reportable segment. The Energy Services reporting unit fair value analysis resulted in an implied fair value of goodwill of $83 million for this reporting unit, and as a result, the non-cash impairment charge was recorded in the third quarter of 2012. The adverse wholesale market conditions facing CenterPoint Energy's Energy Services business, specifically the prospects for continued low geographic and seasonal price differentials for natural gas, led to a reduction in the estimate of the fair value of goodwill associated with this reporting unit.

CenterPoint Energy estimated the value of the Energy Services reporting unit using an income approach. Under this approach, the fair value of the reporting unit is determined by using the present value of future expected cash flows, which are based on management projections of revenue growth, gross margin, and overall market conditions. These estimated future cash flows are then discounted using a rate that approximates the weighted average cost of capital of a market participant.

(5) Regulatory Accounting

The following is a list of regulatory assets/liabilities reflected on CenterPoint Energy's Consolidated Balance Sheets as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
	(in millions)	
Securitized regulatory assets	$ 2,738	$ 3,179
Unrecognized equity return (1)	(442)	(508)
Unamortized loss on reacquired debt	104	111
Pension and postretirement-related regulatory asset (2)	922	732
Other long-term regulatory assets (3)	205	212
Total regulatory assets	3,527	3,726
Estimated removal costs	958	941
Other long-term regulatory liabilities	248	211
Total regulatory liabilities	1,206	1,152
Total regulatory assets and liabilities, net	$ 2,321	$ 2,574

(1) As of December 31, 2014, CenterPoint Energy has not recognized an allowed equity return of $442 million because such return will be recognized as it is recovered in rates through 2024. During the years ended December 31, 2014, 2013 and 2012, CenterPoint Houston recognized approximately $68 million, $45 million and $47 million, respectively, of the allowed equity return. The timing of CenterPoint Energy's recognition of the allowed equity return will vary each period based on amounts actually collected during the period. The actual amounts recovered for the allowed equity return are reviewed and adjusted at least annually by the Texas Utility Commission to correct any over-collections or under-collections during the preceding 12 months and to provide for the full and timely recovery of the allowed equity return.

(2) CenterPoint Houston's actuarially determined pension and other postemployment expense in excess of the amount being recovered through rates is being deferred for rate making purposes. Deferred pension and other postemployment expenses of $-0- and $5 million as of December 31, 2014 and 2013, respectively, were not earning a return.

(3) Other regulatory assets that are not earning a return were not material as of December 31, 2014 and 2013.

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

(a) Stock-Based Incentive Compensation Plans

CenterPoint Energy has long-term incentive plans (LTIPs) that provide for the issuance of stock-based incentives, including stock options, performance awards, restricted stock unit awards and restricted and unrestricted stock awards to officers, employees and non-employee directors. Approximately 14 million shares of CenterPoint Energy common stock are authorized under these plans for awards.

Equity awards are granted to employees without cost to the participants. The performance awards granted in 2014, 2013 and 2012 are distributed based upon the achievement of certain objectives over a three-year performance cycle. The stock awards granted in 2014 are service based. The stock awards granted in 2013 and 2012 are subject to the performance condition that total common dividends declared during the three-year vesting period must be at least $2.49 and $2.43 per share, respectively. The stock awards generally vest at the end of a three-year period. Upon vesting, both the performance and stock awards are issued to the participants along with the value of dividend equivalents earned over the performance cycle or vesting period. CenterPoint Energy issues new shares in order to satisfy stock-based payments related to LTIPs.

CenterPoint Energy recorded LTIP compensation expense of $18 million, $19 million and $18 million for the years ended December 31, 2014, 2013 and 2012, respectively. This expense is included in Operation and Maintenance Expense in the Statements of Consolidated Income.

The total income tax benefit recognized related to LTIPs was $7 million for each of the years ended December 31, 2014, 2013 and 2012. No compensation cost related to LTIPs was capitalized as a part of inventory or fixed assets in 2014, 2013 or 2012. The actual tax benefit realized for tax deductions related to LTIPs totaled $13 million, $13 million and $14 million for 2014, 2013 and 2012, respectively.

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

The following tables summarize CenterPoint Energy's LTIP activity for 2014:

Stock Options

	Outstanding Options			
	Year Ended December 31, 2014			
	Shares (Thousands)	Weighted-Average Exercise Price	Remaining Average Contractual Life (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at December 31, 2013	120	$ 10.93		
Exercised	(120)	10.93		
Outstanding at December 31, 2014	—	—	—	$ —
Exercisable at December 31, 2014	—	—	—	—

Cash received from stock options exercised was $1 million, $3 million and $3 million for 2014, 2013 and 2012, respectively.

CenterPoint Energy has not issued stock options since 2004.

Performance Awards

	Outstanding and Non-Vested Shares			
	Year Ended December 31, 2014			
	Shares (Thousands)	Weighted-Average Grant Date Fair Value	Remaining Average Contractual Life (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at December 31, 2013	2,703	$ 18.17		
Granted	1,198	23.70		
Forfeited or cancelled	(515)	21.09		
Vested and released to participants	(926)	15.50		
Outstanding at December 31, 2014	2,460	21.26	1.1	$ 40

The outstanding and non-vested shares displayed in the table above assumes that shares are issued at the maximum performance level. The aggregate intrinsic value reflects the impact of current expectations of achievement and stock price.

Stock Awards

	Outstanding and Non-Vested Shares Year Ended December 31, 2014			
	Shares (Thousands)	Weighted-Average Grant Date Fair Value	Remaining Average Contractual Life (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at December 31, 2013	898	$ 18.72		
Granted	322	23.89		
Forfeited or cancelled	(122)	21.60		
Vested and released to participants	(375)	17.03		
Outstanding at December 31, 2014	723	21.41	1.0	$ 17

The weighted-average grant-date fair values per unit of awards granted were as follows for 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
Performance awards	$ 23.70	$ 20.67	$ 18.79
Stock awards	23.89	21.53	18.96

Valuation Data

The total intrinsic value of awards received by participants was as follows for 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Stock options exercised	$ 2	$ 4	$ 6
Performance awards	24	20	24
Stock awards	10	10	9

The total grant date fair value of performance and stock awards which vested during the years ended December 31, 2014, 2013 and 2012 was $21 million, $19 million and $19 million, respectively. As of December 31, 2014, there was $17 million of total unrecognized compensation cost related to non-vested performance and stock awards which is expected to be recognized over a weighted-average period of 1.6 years.

(b) Pension and Postretirement Benefits

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

CenterPoint Energy provides certain healthcare and life insurance benefits for retired employees on both a contributory and non-contributory basis. Employees become eligible for these benefits if they have met certain age and service requirements at retirement, as defined in the plans. Under plan amendments, effective in early 1999, healthcare benefits for future retirees were changed to limit employer contributions for medical coverage.

Such benefit costs are accrued over the active service period of employees. The net unrecognized transition obligation is being amortized over approximately 20 years.

CenterPoint Energy's net periodic cost includes the following components relating to pension, including the benefit restoration plan, and postretirement benefits:

	Year Ended December 31,					
	2014		2013		2012	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
	(in millions)					
Service cost	$ 42	$ 2	$ 44	$ 2	$ 35	$ 1
Interest cost	100	22	90	20	100	23
Expected return on plan assets	(125)	(7)	(135)	(7)	(121)	(7)
Amortization of prior service cost (credit)	10	(1)	10	1	8	3
Amortization of net loss	44	1	63	6	60	4
Amortization of transition obligation	—	5	—	7	—	7
Benefit enhancement	—	—	—	—	—	1
Curtailment (1)	6	—	—	—	—	—
Net periodic cost	$ 77	$ 22	$ 72	$ 29	$ 82	$ 32

(1) During the fourth quarter of 2014, CenterPoint Energy recognized a curtailment pension loss of $6 million related to employees seconded to Enable. Substantially all of the seconded employees became employees of Enable effective January 1, 2015.

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

	Year Ended December 31,					
	2014		2013		2012	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
Discount rate	4.80%	4.75%	4.00%	3.90%	4.90%	4.80%
Expected return on plan assets	7.00	5.50	8.00	5.50	8.00	5.50
Rate of increase in compensation levels	3.90	—	4.00	—	4.20	—

In determining net periodic benefits 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 consolidated balance sheets and the key assumptions of CenterPoint Energy's pension, including benefit restoration, and postretirement plans. The measurement dates for plan assets and obligations were December 31, 2014 and 2013.

	December 31,			
	2014		2013	
	Pension Benefits	Post-retirement Benefits	Pension Benefits	Post-retirement Benefits
	(in millions, except for actuarial assumptions)			
Change in Benefit Obligation				
Benefit obligation, beginning of year	$ 2,153	$ 476	$ 2,316	$ 538
Service cost	42	2	44	2
Interest cost	100	22	90	20
Participant contributions	—	7	—	7
Benefits paid	(156)	(32)	(142)	(34)
Actuarial (gain) loss	264	52	(155)	(60)
Medicare reimbursement	—	3	—	3
Plan amendment	—	1	—	—
Curtailment	—	(2)	—	—
Benefit obligation, end of year	2,403	529	2,153	476
Change in Plan Assets				
Fair value of plan assets, beginning of year	1,803	140	1,698	139
Employer contributions	97	18	91	19
Participant contributions	—	7	—	7
Benefits paid	(156)	(32)	(142)	(34)
Actual investment return	181	8	156	9
Fair value of plan assets, end of year	1,925	141	1,803	140
Funded status, end of year	$ (478)	$ (388)	$ (350)	$ (336)
Amounts Recognized in Balance Sheets				
Current liabilities-other	$ (31)	$ (9)	$ (9)	$ (9)
Other liabilities-benefit obligations	(447)	(379)	(341)	(327)
Net liability, end of year	$ (478)	$ (388)	$ (350)	$ (336)
Actuarial Assumptions				
Discount rate	4.05%	3.90%	4.80%	4.75%
Expected return on plan assets	6.50	5.20	7.00	5.50
Rate of increase in compensation levels	4.00	—	3.90	—
Healthcare cost trend rate assumed for the next year - Pre-65	—	7.25	—	7.00
Healthcare cost trend rate assumed for the next year - Post-65	—	8.50	—	7.50
Prescription drug cost trend rate assumed for the next year	—	6.50	—	7.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	—	5.00	—	5.50
Year that the healthcare rate reaches the ultimate trend rate	—	2024	—	2018
Year that the prescription drug rate reaches the ultimate trend rate	—	2024	—	2018

The accumulated benefit obligation for all defined benefit pension plans was $2,371 million and $2,123 million as of December 31, 2014 and 2013, respectively.

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

The 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.

For measurement purposes, medical costs are assumed to increase 7.25% and 8.50% for the pre-65 and post-65 retirees during 2015, respectively, and the prescription cost is assumed to increase 6.50% during 2015, after which these rates decrease until reaching the ultimate trend rate of 5.00% in 2024.

CenterPoint Energy's changes in accumulated comprehensive loss related to defined benefit, postretirement and other postemployment plans are as follows (in millions):

	Year Ended December 31,	
	2014	2013
Beginning Balance	$ (88)	$ (132)
Other comprehensive income (loss) before reclassifications (1)	(3)	52
Amounts reclassified from accumulated other comprehensive income:		
Prior service cost (2)	2	3
Actuarial losses (2)	9	14
Total reclassifications from accumulated other comprehensive income	11	17
Tax expense	(5)	(25)
Net current period other comprehensive income	3	44
Ending Balance	$ (85)	$ (88)

(1) Total other comprehensive income (loss) related to the re-measurement of pension, postretirement and other postemployment plans.

(2) These accumulated other comprehensive components are included in the computation of net periodic cost.

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

	December 31,			
	2014		2013	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
	(in millions)			
Unrecognized actuarial loss	$ 113	$ 14	$ 126	$ 7
Unrecognized prior service cost	4	2	12	1
Net amount recognized in accumulated other comprehensive loss	$ 117	$ 16	$ 138	$ 8

The changes in plan assets and benefit obligations recognized in other comprehensive income during 2014 are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Net gain (loss)	$ 10	$ (6)
Amortization of net loss (gain)	9	(1)
Amortization of prior service credit (cost)	2	(1)
Total recognized in comprehensive income	$ 21	$ (8)

The total expense recognized in net periodic costs and other comprehensive income was $56 million and $30 million for pension and postretirement benefits, respectively, for the year ended December 31, 2014.

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2015 are as follows (in millions):

	Pension Benefits	Postretirement Benefits
Unrecognized actuarial loss	$ 12	$ 1
Unrecognized prior service cost	1	—
Amounts in accumulated comprehensive loss to be recognized in net periodic cost in 2015	$ 13	$ 1

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,			
	2014		2013	
	Pension Qualified	Pension Non-qualified	Pension Qualified	Pension Non-qualified
	(in millions)			
Accumulated benefit obligation	$ 2,273	$ 98	$ 2,031	$ 92
Projected benefit obligation	2,304	98	2,061	92
Fair value of plan assets	1,925	—	1,803	—

Assumed healthcare cost trend rates have a significant effect on the reported amounts for CenterPoint Energy's postretirement benefit plans. A 1% change in the assumed healthcare cost trend rate would have the following effects:

	1% Increase	1% Decrease
	(in millions)	
Effect on the postretirement benefit obligation	$ 19	$ 16
Effect on total of service and interest cost	1	1

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 benefit plans as of December 31, 2014:

	Pension Benefits	Postretirement Benefits
U.S. equity	12 – 28%	14 – 24%
International developed market equity	7 – 17%	3 – 13%
Emerging market equity	3 – 13%	—
Fixed income	54 – 66%	68 – 78%
Cash	0 – 2%	0 – 2%

The following tables set forth by level, within the fair value hierarchy (see Note 8), CenterPoint Energy's pension plan assets at fair value as of December 31, 2014 and 2013:

	Fair Value Measurements at December 31, 2014 (in millions)			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 6	$ 6	$ —	$ —
Common collective trust funds (1)	1,108	—	1,108	—
Corporate bonds:				
Investment grade or above	368	—	368	—
Equity securities:				
International companies	49	49	—	—
U.S. companies	83	83	—	—
Cash received as collateral from securities lending	86	86	—	—
U.S. treasuries	47	47	—	—
Mortgage backed securities	4	—	4	—
Asset backed securities	4	—	4	—
Municipal bonds	79	—	79	—
Mutual funds (2)	161	161	—	—
International government bonds	15	—	15	—
Real estate	1	—	—	1
Obligation to return cash received as collateral from securities lending	(86)	(86)	—	—
Total	$ 1,925	$ 346	$ 1,578	$ 1

(1) 61% of the amount invested in common collective trust funds is in fixed income securities, 14% is in U.S. equities, 22% is in international equities and 3% is in emerging market equities.

(2) 57% of the amount invested in mutual funds is in international equities, 30% is in emerging market equities and 13% is in U.S. equities.

	Fair Value Measurements at December 31, 2013 (in millions)			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 11	$ 11	$ —	$ —
Common collective trust funds (1)	1,107	—	1,107	—
Corporate bonds:				
Investment grade or above	256	—	256	—
Equity securities:				
International companies	75	75	—	—
U.S. companies	77	77	—	—
Cash received as collateral from securities lending	71	71	—	—
U.S. government backed agencies bonds	1	1	—	—
U.S. treasuries	18	18	—	—
Mortgage backed securities	7	—	7	—
Asset backed securities	6	—	6	—
Municipal bonds	61	—	61	—
Mutual funds (2)	172	172	—	—
International government bonds	11	—	11	—
Real estate	1	—	—	1
Obligation to return cash received as collateral from securities lending	(71)	(71)	—	—
Total	$ 1,803	$ 354	$ 1,448	$ 1

(1) 50% of the amount invested in common collective trust funds is in fixed income securities, 20% is in U.S. equities, 25% is in international equities and 5% is in emerging market equities.

(2) 58% of the amount invested in mutual funds is in international equities, 30% is in emerging market equities and 12% is in U.S. equities.

The pension plan utilized both exchange traded and over-the-counter financial instruments such as futures, interest rate options and swaps that were marked to market daily with the gains/losses settled in the cash accounts. The pension plan did not include any holdings of CenterPoint Energy common stock as of December 31, 2014 or 2013.

The changes in the fair value of the pension plan's level 3 investments for the years ended December 31, 2014 and 2013 were not material.

The following tables present by level, within the fair value hierarchy, CenterPoint Energy's postretirement plan assets at fair value as of December 31, 2014 and 2013, by asset category:

	Fair Value Measurements at December 31, 2014 (in millions)			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds (1)	$ 141	$ 141	$ —	$ —
Total	$ 141	$ 141	$ —	$ —

(1) 73% of the amount invested in mutual funds is in fixed income securities, 19% is in U.S. equities and 8% is in international equities.

	Fair Value Measurements at December 31, 2013 (in millions)			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds (1)	$ 140	$ 140	$ —	$ —
Total	$ 140	$ 140	$ —	$ —

(1) 72% of the amount invested in mutual funds is in fixed income securities, 20% is in U.S. equities and 8% is in international equities.

CenterPoint Energy contributed $87 million, $10 million and $18 million to its qualified pension, non-qualified pension and postretirement benefits plans, respectively, in 2014. CenterPoint Energy expects to contribute approximately $35 million, $31 million and $17 million to its qualified pension, non-qualified pension and postretirement benefits plans, respectively, in 2015.

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

		Postretirement Benefit Plan	
	Pension Benefits	Benefit Payments	Medicare Subsidy Receipts
2015	$ 223	$ 35	$ (4)
2016	143	36	(4)
2017	147	38	(5)
2018	154	40	(5)
2019	152	42	(6)
2020-2024	785	228	(39)

(c) Savings Plan

CenterPoint Energy has a tax-qualified employee savings plan that includes a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code), and an employee stock ownership plan (ESOP) under Section 4975(e)(7) of the Code. Under the plan, participating employees may contribute a portion of their compensation, on a pre-tax or after-tax basis, generally up to a maximum of 50% of eligible compensation. The Company matches 100% of the first 6% of each employee's compensation contributed. The matching contributions are fully vested at all times.

Participating employees may elect to invest all or a portion of their contributions to the plan in CenterPoint Energy common stock, to have dividends reinvested in additional shares or to receive dividend payments in cash on any investment in CenterPoint Energy common stock, and to transfer all or part of their investment in CenterPoint Energy common stock to other investment options offered by the plan.

The savings plan has significant holdings of CenterPoint Energy common stock. As of December 31, 2014, 17,497,676 shares of CenterPoint Energy's common stock were held by the savings plan, which represented approximately 20% of its investments. Given the concentration of the investments in CenterPoint Energy's common stock, the savings plan and its participants have market risk related to this investment.

CenterPoint Energy's savings plan benefit expenses were $39 million, $38 million and $36 million in 2014, 2013 and 2012, respectively.

(d) Postemployment Benefits

CenterPoint Energy provides postemployment benefits for former or inactive employees, their beneficiaries and covered dependents, after employment but before retirement (primarily healthcare and life insurance benefits for participants in the long-term disability plan). The Company recorded postemployment expenses of $3 million, $4 million and $8 million in 2014, 2013 and 2012, respectively.

Included in “Benefit Obligations” in the accompanying Consolidated Balance Sheets at December 31, 2014 and 2013 was $28 million and $30 million, respectively, relating to postemployment obligations.

(e) Other Non-Qualified Plans

CenterPoint Energy has non-qualified deferred compensation plans that provide benefits payable to directors, officers and certain key employees or their designated beneficiaries at specified future dates, upon termination, retirement or death. Benefit payments are made from the general assets of CenterPoint Energy. CenterPoint Energy recorded benefit expense relating to these plans of $5 million for each of the years in 2014, 2013 and 2012. Included in “Benefit Obligations” in the accompanying Consolidated Balance Sheets at December 31, 2014 and 2013 was $60 million and $64 million, respectively, relating to deferred compensation plans.

Included in Benefit Obligations in CenterPoint Energy’s Consolidated Balance Sheets at December 31, 2014 and 2013 was $33 million and $28 million, respectively, relating to split-dollar life insurance arrangements.

(f) Change in Control Agreements and Other Employee Matters

CenterPoint Energy had change in control agreements with certain of its officers, which expired December 31, 2014. In lieu of these agreements, our Board of Directors approved a new change in control plan, which was effective January 1, 2015. The plan, like the expired agreements, generally provides, to the extent applicable, in the case of a change in control of CenterPoint Energy and termination of employment, for severance benefits of up to three times annual base salary plus bonus, and other benefits. Our officers, including our Executive Chairman, are participants under the plan.

As of December 31, 2014, approximately 31% of CenterPoint Energy’s employees were subject to collective bargaining agreements. The collective bargaining agreements with the Gas Workers Local Union 340 and International Brotherhood of Electrical Workers Local 949 in Minnesota, which collectively cover approximately 8% of CenterPoint Energy’s employees, are scheduled to expire in April and December 2015, respectively. CenterPoint Energy believes it has good relationships with these bargaining units and expects to negotiate new agreements in 2015.

(7) Derivative Instruments

CenterPoint Energy is exposed to various market risks. These risks arise from transactions entered into in the normal course of business. CenterPoint Energy utilizes derivative instruments such as physical forward contracts, swaps and options to mitigate the impact of changes in commodity prices and weather on its operating results and cash flows.

(a) Non-Trading Activities

Derivative Instruments. CenterPoint Energy enters into certain derivative instruments to manage physical commodity price risk and does not engage in proprietary or speculative commodity trading. These financial instruments do not qualify or are not designated as cash flow or fair value hedges.

Weather Hedges. CenterPoint Energy has weather normalization or other rate mechanisms that mitigate the impact of weather on NGD in Arkansas, Louisiana, Mississippi and Oklahoma. NGD in Texas and Minnesota and electric operations in Texas do not have such mechanisms. As a result, fluctuations from normal weather may have a significant positive or negative effect on NGD’s results in Texas and Minnesota and on CenterPoint Houston’s results in its service territory.

CenterPoint Energy entered into heating-degree day swaps for certain NGD jurisdictions to mitigate the effect of fluctuations from normal weather on its results of operations and cash flows for the winter heating season, which contained a bilateral dollar cap of $15 million in 2012 - 2013, $16 million in 2013 - 2014 and $16 million in 2014 - 2015. In both 2013 and 2014, CenterPoint Energy also entered into a similar winter weather hedge for the CenterPoint Houston service territory, which each contained a bilateral dollar cap of $8 million. The swaps are based on ten-year normal weather. During the years ended December 31, 2014, 2013 and 2012, CenterPoint Energy recognized losses of $11 million, losses of $22 million and gains of $8 million, respectively, related to these swaps. Weather hedge gains and losses are included in revenues in the Statements of Consolidated Income.

(b) Derivative Fair Values and Income Statement Impacts

The following tables present information about CenterPoint Energy's derivative instruments and hedging activities. The first two tables provide a balance sheet overview of CenterPoint Energy's Derivative Assets and Liabilities as of December 31, 2014 and 2013, while the last table provides a breakdown of the related income statement impacts for the years ending December 31, 2014 and 2013.

Fair Value of Derivative Instruments

	December 31, 2014		
Total derivatives not designated as hedging instruments	**Balance Sheet Location**	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**
		(in millions)	
Natural gas derivatives (1) (2) (3)	Current Assets: Non-trading derivative assets	$ 101	$ 1
Natural gas derivatives (1) (2) (3)	Other Assets: Non-trading derivative assets	32	—
Natural gas derivatives (1) (2) (3)	Current Liabilities: Non-trading derivative liabilities	14	83
Natural gas derivatives (1) (2) (3)	Other Liabilities: Non-trading derivative liabilities	2	18
Indexed debt securities derivative	Current Liabilities	—	541
Total		$ 149	$ 643

(1) The fair value shown for natural gas contracts is comprised of derivative gross volumes totaling 804 billion cubic feet (Bcf) or a net 60 Bcf long position. Of the net long position, basis swaps constitute 127 Bcf.

(2) Natural gas contracts are presented on a net basis in the Consolidated Balance Sheets. Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due and causes derivative assets (liabilities) to be ultimately presented net in a liability (asset) account within the Consolidated Balance Sheets. The net of total non-trading derivative assets and liabilities was a $111 million asset as shown on CenterPoint Energy's Consolidated Balance Sheets (and as detailed in the table below), and was comprised of the natural gas contracts derivative assets and liabilities separately shown above offset by collateral netting of $64 million.

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

Offsetting of Natural Gas Derivative Assets and Liabilities

	December 31, 2014		
	Gross Amounts Recognized (1)	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amount Presented in the Consolidated Balance Sheets (2)**
		(in millions)	
Current Assets: Non-trading derivative assets	$ 115	$ (16)	$ 99
Other Assets: Non-trading derivative assets	34	(2)	32
Current Liabilities: Non-trading derivative liabilities	(84)	65	(19)
Other Liabilities: Non-trading derivative liabilities	(18)	17	(1)
Total	$ 47	$ 64	$ 111

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

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

Fair Value of Derivative Instruments

	December 31, 2013		
Total derivatives not designated as hedging instruments	**Balance Sheet Location**	**Derivative Assets Fair Value**	**Derivative Liabilities Fair Value**
		(in millions)	
Natural gas derivatives (1) (2) (3) ...	Current Assets: Non-trading derivative assets..............	$ 28	$ 4
Natural gas derivatives (1) (2).........	Other Assets: Non-trading derivative assets.................	10	—
Natural gas derivatives (1) (2).........	Current Liabilities: Non-trading derivative liabilities ...	4	21
Natural gas derivatives (1) (2).........	Other Liabilities: Non-trading derivative liabilities	1	5
Indexed debt securities derivative ...	Current Liabilities...	—	455
Total		$ 43	$ 485

(1) The fair value shown for natural gas contracts is comprised of derivative gross volumes totaling 607 Bcf or a net 46 Bcf long position. Of the net long position, basis swaps constitute 99 Bcf.

(2) Natural gas contracts are presented on a net basis in the Consolidated Balance Sheets. Natural gas contracts are subject to master netting arrangements. This netting applies to all undisputed amounts due or past due and causes derivative assets (liabilities) to be ultimately presented net in a liability (asset) account within the Consolidated Balance Sheets. The net of total non-trading derivative assets and liabilities was a $13 million asset as shown on CenterPoint Energy's Consolidated Balance Sheets (and as detailed in the table below), and was comprised of the natural gas contracts derivative assets and liabilities separately shown above, offset by collateral netting of less than $1 million.

(3) The $28 million Derivative Current Asset includes $1 million related to physical forwards purchased from Enable.

Offsetting of Natural Gas Derivative Assets and Liabilities

	December 31, 2013		
	Gross Amounts Recognized (1)	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amount Presented in the Consolidated Balance Sheets (2)**
		(in millions)	
Current Assets: Non-trading derivative assets	$ 32	$ (8)	$ 24
Other Assets: Non-trading derivative assets	11	(1)	10
Current Liabilities: Non-trading derivative liabilities...	(25)	8	(17)
Other Liabilities: Non-trading derivative liabilities......	(5)	1	(4)
Total	$ 13	$ —	$ 13

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

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

For CenterPoint Energy's price stabilization activities of the Natural Gas Distribution business segment, the settled costs of derivatives are ultimately recovered through purchased gas adjustments. Accordingly, the net unrealized gains and losses associated with these contracts are recorded as net regulatory assets. Realized and unrealized gains and losses on other derivatives are recognized in the Statements of Consolidated Income as revenue for retail sales derivative contracts and as natural gas expense for financial natural gas derivatives and non-retail related physical natural gas derivatives. Unrealized gains and losses on indexed debt securities are recorded as Other Income (Expense) in the Statements of Consolidated Income.

Income Statement Impact of Derivative Activity

Total derivatives not designated as hedging instruments	Income Statement Location	Year Ended December 31, 2014	2013	2011
			(in millions)	
Natural gas derivatives	Gains (Losses) in Revenue	$ 35	$ 11	$ 43
Natural gas derivatives (1) (2)	Gains (Losses) in Expense: Natural Gas	11	10	(63)
Indexed debt securities derivative	Gains (Losses) in Other Income (Expense)	(86)	(193)	(71)
Total		$ (40)	$ (172)	$ (91)

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(1) The Gains (Losses) in Expense: Natural Gas includes $2 million and $(2) million during the years ended December 31, 2014 and 2013, respectively, related to physical forwards purchased from Enable.

(2) The Gains (Losses) in Expense: Natural Gas includes $-0-, $-0- and $(38) million of costs in 2014, 2013 and 2012, respectively, associated with price stabilization activities of the Natural Gas Distribution business segment that will be ultimately recovered through purchased gas adjustments.

(c) Credit Risk Contingent Features

CenterPoint Energy enters into financial derivative contracts containing material adverse change provisions. These provisions could require CenterPoint Energy to post additional collateral if the Standard & Poor's Ratings Services or Moody's Investors Service, Inc. credit ratings of CenterPoint Energy, Inc. or its subsidiaries are downgraded. The total fair value of the derivative instruments that contain credit risk contingent features that are in a net liability position at December 31, 2014 and 2013 was $2 million and $1 million, respectively. The aggregate fair value of assets that are already posted as collateral was less than $1 million at both December 31, 2014 and 2013. If all derivative contracts (in a net liability position) containing credit risk contingent features were triggered at December 31, 2014 and 2013, $2 million and $1 million, respectively, of additional assets would be required to be posted as collateral.

(d) Credit Quality of Counterparties

In addition to the risk associated with price movements, credit risk is also inherent in CenterPoint Energy's non-trading derivative activities. Credit risk relates to the risk of loss resulting from non-performance of contractual obligations by a counterparty. The following table shows the composition of counterparties to the non-trading derivative assets of CenterPoint Energy as of December 31, 2014 and 2013 (in millions):

	December 31, 2014		December 31, 2013	
	Investment Grade(1)	Total	Investment Grade(1)	Total
Energy marketers	$ 2	$ 4	$ 1	$ 4
Financial institutions	—	—	1	9
End users (2)	2	127	1	21
Total	$ 4	$ 131	$ 3	$ 34

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

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

(8) Fair Value Measurements

Assets and liabilities that are recorded at fair value in the 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.

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 CenterPoint Energy's Level 2 assets or liabilities.

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 CenterPoint Energy's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. CenterPoint Energy develops these inputs based on the best information available, including CenterPoint Energy's own data. A market approach is utilized to value CenterPoint Energy's Level 3 assets or liabilities. At December 31, 2014, CenterPoint Energy's Level 3 assets and liabilities are comprised of physical forward contracts and options. Level 3 physical forward contracts are valued using a discounted cash flow model which includes illiquid forward price curve locations (ranging from $1.60 to $4.23 per one million British thermal units (Btu)) as an unobservable input. Level 3 options are valued through Black-Scholes (including forward start) option models which include option volatilities (ranging from 0 to 88%) as an unobservable input. CenterPoint Energy's Level 3 derivative assets and liabilities consist of both long and short positions (forwards and options) and their fair value is sensitive to forward prices and volatilities. If forward prices decrease, CenterPoint Energy's long forwards lose value whereas its short forwards gain in value. If volatility decreases, CenterPoint Energy's long options lose value whereas its short options gain in value.

CenterPoint Energy determines the appropriate level for each financial asset and liability on a quarterly basis and recognizes transfers between levels at the end of the reporting period. For the year ended December 31, 2014, there were no transfers between Level 1 and 2. CenterPoint Energy also recognizes purchases of Level 3 financial assets and liabilities at their fair market value at the end of the reporting period.

The following tables present information about CenterPoint Energy's assets and liabilities (including derivatives that are presented net) measured at fair value on a recurring basis as of December 31, 2014 and 2013, and indicate the fair value hierarchy of the valuation techniques utilized by CenterPoint Energy to determine such fair value.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments (1)	Balance at December 31, 2014
			(in millions)		
Assets					
Corporate equities	$ 932	$ —	$ —	$ —	$ 932
Investments, including money market funds	54	—	—	—	54
Natural gas derivatives (2)	7	122	20	(18)	131
Total assets	$ 993	$ 122	$ 20	$ (18)	$ 1,117
Liabilities					
Indexed debt securities derivative	$ —	$ 541	$ —	$ —	$ 541
Natural gas derivatives (2)	22	77	3	(82)	20
Total liabilities	$ 22	$ 618	$ 3	$ (82)	$ 561

(1) Amounts represent the impact of legally enforceable master netting arrangements that allow CenterPoint Energy to settle positive and negative positions and also include cash collateral of $64 million posted with the same counterparties.

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments (1)	Balance at December 31, 2013
			(in millions)		
Assets					
Corporate equities	$ 770	$ —	$ —	$ —	$ 770
Investments, including money market funds	61	—	—	—	61
Natural gas derivatives (2)	5	33	5	(9)	34
Total assets	$ 836	$ 33	$ 5	$ (9)	$ 865
Liabilities					
Indexed debt securities derivative	$ —	$ 455	$ —	$ —	$ 455
Natural gas derivatives	1	27	2	(9)	21
Total liabilities	$ 1	$ 482	$ 2	$ (9)	$ 476

(1) Amounts represent the impact of legally enforceable master netting arrangements that allow CenterPoint Energy to settle positive and negative positions and also include cash collateral of less than $1 million posted with the same counterparties.

(2) The (Level 2) Natural gas derivative assets of $33 million include $1 million related to physical forwards purchased from Enable.

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Derivative assets and liabilities, net		
	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Beginning balance	$ 3	$ 2	$ 6
Total gains	14	3	3
Total settlements	1	(3)	(6)
Transfers out of Level 3	—	—	(1)
Transfers into Level 3	(1)	1	—
Ending balance (1)	$ 17	$ 3	$ 2
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ 16	$ 2	$ 1

(1) During 2014, 2013 and 2012, CenterPoint Energy did not have significant Level 3 purchases or sales.

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 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS) indexed debt securities derivative are stated at fair value and are excluded from the table below. The fair value of each debt instrument is determined by multiplying the principal amount of each debt instrument by the market price. These assets and liabilities, which are not measured at fair value in the Condensed Consolidated Balance Sheets but for which the fair value is disclosed, would be classified as Level 1 or Level 2 in the fair value hierarchy.

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in millions)			
Financial assets:				
Notes receivable - affiliated companies	$ 363	$ 362	$ 363	$ 363
Financial liabilities:				
Long-term debt	$ 8,652	$ 9,427	$ 8,171	$ 8,670

(9) Unconsolidated Affiliates

On May 1, 2013 (the Closing Date) CERC Corp., OGE Energy Corp. (OGE) and ArcLight Capital Partners, LLC (ArcLight) closed on the formation of Enable, and CenterPoint Energy recorded an equity method investment in Enable at the historical cost of the contributed net assets. See Note 2 for further information on the formation of Enable.

CenterPoint Energy's maximum exposure to loss related to Enable, a VIE in which CenterPoint Energy is not the primary beneficiary, is limited to its equity investment as presented in the Consolidated Balance Sheet at December 31, 2014, CERC Corp.'s guarantee of collection of Enable's $1.1 billion senior notes due 2019 and 2024 (Guaranteed Senior Notes) and other guarantees discussed in Note 14, CERC Corp.'s $363 million notes receivable from Enable and outstanding current accounts receivable from Enable. The $363 million of notes receivable from Enable bears interest at an annual rate of 2.10% to 2.45% and matures in 2017. CenterPoint Energy recorded interest income of $8 million and $5 million during the year ended December 31, 2014 and 2013, respectively, for interest earned on or after the Closing Date and had interest receivable from Enable of $4 million as of both December 31, 2014 and 2013 on its notes receivable from Enable.

Effective on the Closing Date, CenterPoint Energy and Enable entered into a Services Agreement, Employee Transition Agreement, Transitional Services Agreement and other agreements (collectively, Transition Agreements) whereby CenterPoint Energy agreed to provide certain support services to Enable such as accounting, legal, risk management and treasury functions for an initial term ending on April 30, 2016. Effective April 1, 2014, Enable's general partner, CenterPoint Energy and OGE agreed to reduce certain governance related costs billed to Enable for transition services. Effective December 31, 2014, Enable's general partner, CenterPoint Energy and OGE agreed to terminate certain support services provided by CenterPoint Energy to Enable. CenterPoint Energy expects to terminate all remaining support services by April 2016.

CenterPoint Energy billed Enable for reimbursement of transitional services, including the costs of seconded employees, $163 million and $119 million during the years ended December 31, 2014 and 2013, respectively, under the Transition Agreements for transition services incurred on or after the Closing Date. Actual transitional services costs are recorded net of reimbursements received from Enable. CenterPoint Energy had accounts receivable from Enable of $28 million and $21 million as of December 31, 2014 and 2013, respectively, for amounts billed for transitional services, including the cost of seconded employees.

CenterPoint Energy provided seconded employees to Enable to support its operations for a term ending on December 31, 2014. Enable, at its discretion, had the right to select and offer employment to seconded employees from CenterPoint Energy. During the fourth quarter of 2014, Enable notified CenterPoint Energy that it selected seconded employees and provided employment offers to substantially all of the seconded employees from CenterPoint Energy. Substantially all of the seconded employees became employees of Enable effective January 1, 2015. See Note 6 for additional information.

On April 16, 2014, Enable completed its initial public offering (IPO) of 28,750,000 common units, at a price of $20.00 per unit, which included 3,750,000 common units sold by ArcLight pursuant to an over-allotment option that was fully exercised by the underwriters. Enable received $464 million in net proceeds from the sale of the units, after deducting underwriting fees, structuring fees and other offering costs. In connection with Enable's IPO, a portion of CenterPoint Energy's common units were converted into subordinated units, as discussed further below. Subsequent to the IPO, Enable continues to be controlled jointly by CenterPoint Energy and OGE.

As a result of Enable's IPO, CenterPoint Energy's limited partner interest in Enable was reduced from approximately 58.3% to approximately 54.7%. CenterPoint Energy accounted for the dilution of its investment in Enable as a result of Enable's IPO as a failed partial sale of in-substance real estate. CenterPoint Energy did not receive any cash from Enable's IPO and, as such, CenterPoint Energy did not recognize a gain or loss. CenterPoint Energy's basis difference in Enable was reduced for the impact of the Enable IPO.

In accordance with the Enable formation agreements, CenterPoint Energy had certain put rights, and Enable had certain call rights, exercisable with respect to the 25.05% interest in Southeast Supply Header, LLC (SESH) retained by CenterPoint Energy on the Closing Date, under which CenterPoint Energy would contribute its retained interest in SESH, in exchange for a specified number of limited partner common units in Enable and a cash payment, payable either from CenterPoint Energy to Enable or from Enable to CenterPoint Energy, to the extent of changes in the value of SESH subject to certain restrictions. Specifically, the rights were and are exercisable with respect to (1) a 24.95% interest in SESH (24.95% Put), which closed on May 30, 2014 as discussed below and (2) a 0.1% interest in SESH, which may be exercised no earlier than June 2015 for 25,341 common units in Enable.

On May 30, 2014, CenterPoint Energy closed its 24.95% Put and contributed to Enable its 24.95% interest in SESH in exchange for 6,322,457 common units of Enable, which increased CenterPoint Energy's limited partner interest in Enable from approximately 54.7% to approximately 55.4%. No cash payment was required to be made pursuant to the Enable formation agreements in connection with CenterPoint Energy's exercise of the 24.95% Put. CenterPoint Energy accounted for the contribution of its 24.95% interest in SESH to Enable in exchange for common units of Enable as a non-monetary transaction of in-substance real estate equity method investments. As such, CenterPoint Energy recorded the 6,322,457 common units at the historical cost of the contributed 24.95% interest in SESH of $196 million and recorded no gain or loss in connection with its exercise of the 24.95% Put. As a result, CenterPoint Energy's basis difference in Enable was reduced for the impact of its exercise of the 24.95% Put.

CenterPoint Energy incurred natural gas expenses, including transportation and storage costs, of $130 million and $123 million during the year ended December 31, 2014 and 2013, respectively, for transactions with Enable occurring on or after the Closing Date. CenterPoint Energy had accounts payable to Enable of $23 million and $22 million at December 31, 2014 and 2013, respectively, from such transactions.

As of December 31, 2014, CenterPoint Energy held an approximate 55.4% limited partner interest in Enable consisting of 94,126,366 common units and 139,704,916 subordinated units and a 0.1% interest in SESH. The principal difference between Enable common units and subordinated units is that in any quarter during the subordination period, holders of the subordinated units are not entitled to receive any distribution of available cash until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. If Enable does not pay distributions on its subordinated units, the subordinated units will not accrue arrearages for those unpaid distributions. At the end of the subordination period, CenterPoint Energy's subordinated units in Enable will be converted to common units in Enable on a one-for-one basis.

CenterPoint Energy evaluates its equity method investments for impairment when factors indicate that a decrease in value of its investment has occurred and the carrying amount of its investment may not be recoverable. An impairment loss is recognized in earnings when an impairment is deemed to be other than temporary. The carrying value of CenterPoint Energy's investment in Enable is $19.33 per unit. As of December 31, 2014, Enable's common unit price closed at $19.39 (approximately $14 million above carrying value). The lowest close price for Enable's common units in January 2015 was $17.34 (approximately $465 million below carrying value). CenterPoint Energy performed an analysis of its investment in Enable as of December 31, 2014. Based on that analysis, CenterPoint Energy believes that the decline in the value of its investment is temporary, and that CenterPoint Energy will recover the value of its investment of $4.5 billion.

Investment in Unconsolidated Affiliates:

	Year Ended December 31,	
	2014	2013
	(in millions)	
Enable	$ 4,520	$ 4,319
SESH (1)	1	199
Total	$ 4,521	$ 4,518

(1) On May 30, 2014, CenterPoint Energy contributed a 24.95% interest in SESH to Enable, leaving CenterPoint Energy with a 0.1% interest in SESH as of December 31, 2014.

Equity in Earnings of Unconsolidated Affiliates, net:

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Enable (1)	$ 303	$ 173	$ —
SESH (2)	5	15	26
Waskom (3)	—	—	5
Total	$ 308	$ 188	$ 31

(1) On May 1, 2013, CenterPoint Energy formed Enable with OGE and ArcLight.

(2) On each of May 1, 2013 and May 30, 2014, CenterPoint Energy contributed a 24.95% interest in SESH to Enable, leaving CenterPoint Energy with a 0.1% interest in SESH as of December 31, 2014.

(3) On July 31, 2012, Waskom became a wholly owned subsidiary of CenterPoint Energy. Beginning on August 1, 2012, Waskom's operating results are consolidated on the Statements of Consolidated Income. On May 1, 2013, CenterPoint Energy contributed Waskom to Enable.

Summarized consolidated income information for Enable is as follows:

	Year Ended December 31,	
	2014	2013 (1)
	(in millions)	
Operating revenues	$ 3,367	$ 2,123
Cost of sales, excluding depreciation and amortization	1,914	1,241
Operating income	586	322
Net income attributable to Enable	530	289
CenterPoint Energy's approximate interest	$ 298	$ 168
Basis difference accretion	5	5
CenterPoint Energy's equity in earnings, net	$ 303	$ 173

(1) The amounts included in this column represent the eight month period from formation of Enable on May 1, 2013 through December 31, 2013.

Summarized consolidated balance sheet information for Enable is as follows:

	December 31,	
	2014	2013
	(in millions)	
Current assets	$ 438	$ 549
Non-current assets	11,399	10,683
Current liabilities	671	720
Non-current liabilities	2,343	2,331
Non-controlling interest	31	33
Enable partners' capital	8,792	8,148
CenterPoint Energy's ownership interest in Enable's partner capital	$ 4,869	$ 4,753
CenterPoint Energy's basis difference attributable to goodwill (1)	(217)	(229)
CenterPoint Energy's accretable basis difference (2)	(132)	(205)
CenterPoint Energy's total basis difference	(349)	(434)
CenterPoint Energy's investment in Enable	$ 4,520	$ 4,319

(1) The difference relates to CenterPoint Energy's proportionate share of Enable's goodwill arising from its acquisition of Enogex, and therefore will be recognized by CenterPoint Energy upon dilution or disposition of its interest in Enable.

(2) The difference will be recognized by CenterPoint Energy over 30 years beginning May 1, 2013. CenterPoint Energy will also adjust the accretable basis difference for dilution or disposition of its interest in Enable.

Enable concluded that the formation of Enable is considered a business combination, and CenterPoint Midstream is the acquirer for accounting purposes. Under this method, the fair value of the consideration paid by CenterPoint Midstream for Enogex was allocated to the assets acquired and liabilities assumed on the Closing Date based on their fair value. Enogex's assets, liabilities and equity were accordingly adjusted to estimated fair value as of May 1, 2013. Determining the fair value of assets and liabilities is judgmental in nature and involves the use of significant estimates and assumptions. Enable used appraisers to assist in the determination of the estimated fair value of certain assets and liabilities contributed by Enogex.

Distributions Received from Unconsolidated Affiliates:

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Enable (1)	$ 298	$ 106	$ —
SESH (2)	7	23	32
Waskom (3)	—	—	7
Total	$ 305	$ 129	$ 39

(1) On May 1, 2013, CenterPoint Energy formed Enable with OGE and ArcLight.

(2) On each of May 1, 2013 and May 30, 2014, CenterPoint Energy contributed a 24.95% interest in SESH to Enable, leaving CenterPoint Energy with a 0.1% interest in SESH as of December 31, 2014.

(3) On July 31, 2012, Waskom became a wholly owned subsidiary of CenterPoint Energy. Beginning on August 1, 2012, Waskom's operating results are consolidated on the Statements of Consolidated Income. On May 1, 2013, CenterPoint Energy contributed Waskom to Enable.

(10) Indexed Debt Securities (ZENS) and Securities Related to ZENS

(a) Investment in Securities Related to ZENS

In 1995, CenterPoint Energy sold a cable television subsidiary to Time Warner, Inc. (TW) and received TW securities as partial consideration. A subsidiary of CenterPoint Energy now holds 7.1 million shares of TW common stock (TW Common), 1.8 million shares of Time Warner Cable Inc. (TWC) common stock (TWC Common), 0.6 million shares of AOL, Inc. (AOL) common stock (AOL Common) and 0.9 million shares of Time Inc. common stock (Time Common) (together with the TW Common, TWC Common and AOL Common, the TW Securities) which are classified as trading securities and are expected to be held to facilitate CenterPoint Energy's ability to meet its obligation under the ZENS. Unrealized gains and losses resulting from changes in the market value of the TW Securities are recorded in CenterPoint Energy's Statements of Consolidated Income.

(b) ZENS

In September 1999, CenterPoint Energy issued ZENS having an original principal amount of $1 billion of which $828 million remain outstanding at December 31, 2014. Each ZENS note was originally exchangeable at the holder's option at any time for an amount of cash equal to 95% of the market value of the reference shares of TW Common attributable to such note. The number and identity of the reference shares attributable to each ZENS note are adjusted for certain corporate events. As of December 31, 2014, the reference shares for each ZENS note consisted of 0.5 share of TW Common, 0.125505 share of TWC Common and 0.045455 share of AOL Common and 0.0625 share of Time Common. On February 13, 2014, TWC announced that it had agreed to merge with Comcast Corporation (Comcast). In the merger, each share of TWC Common would be exchanged for 2.875 shares of Comcast common stock (Comcast Common). Upon the closing of the merger (assuming no change in the merger consideration), the reference shares for each ZENS note would include 0.360827 share of Comcast Common in place of the current 0.125505 share of TWC Common. CenterPoint Energy pays interest on the ZENS at an annual rate of 2% plus the amount of any quarterly cash dividends paid in respect of the reference shares attributable to the ZENS. The principal amount of ZENS is subject to being increased or decreased to the extent that the annual yield from interest and cash dividends on the reference shares is less than or more than 2.309%. The adjusted principal amount is defined in the ZENS instrument as "contingent principal." At December 31, 2014, ZENS having an original principal amount of $828 million and a contingent principal amount of $751 million were outstanding and were exchangeable, at the option of the holders, for cash equal to 95% of the market value of reference shares deemed to be attributable to the ZENS. At December 31, 2014, the market value of such shares was approximately $930 million, which would provide an exchange amount of $1,067 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 at 17.3% 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 TW 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 TW Securities and each component of CenterPoint Energy's ZENS obligation (in millions).

	TW Securities	Debt Component of ZENS	Derivative Component of ZENS
Balance at December 31, 2011	$ 386	$ 131	$ 197
Accretion of debt component of ZENS	—	24	—
2% interest paid	—	(17)	—
Loss on indexed debt securities	—	—	71
Gain on TW Securities	154	—	—
Balance at December 31, 2012	540	138	268
Accretion of debt component of ZENS	—	24	—
2% interest paid	—	(17)	—
Sale of TW Securities	(9)	—	—
Redemption of indexed debt securities	—	(2)	(6)
Loss on indexed debt securities	—	—	193
Gain on TW Securities	236	—	—
Balance at December 31, 2013	767	143	455
Accretion of debt component of ZENS	—	26	—
2% interest paid	—	(17)	—
Loss on indexed debt securities	—	—	86
Gain on TW Securities	163	—	—
Balance at December 31, 2014	$ 930	$ 152	$ 541

(11) Equity

Capital Stock

CenterPoint Energy has 1,020,000,000 authorized shares of capital stock, comprised of 1,000,000,000 shares of $0.01 par value common stock and 20,000,000 shares of $0.01 par value cumulative preferred stock.

Dividends Declared

CenterPoint Energy declared dividends per share of $0.95, $0.83 and $0.81, respectively, during the years ended December 31, 2014, 2013 and 2012.

Undistributed Retained Earnings

As of December 31, 2014 and 2013, CenterPoint Energy's consolidated retained earnings balance includes undistributed earnings from Enable of $71 million and $67 million, respectively.

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

	December 31, 2014		December 31, 2013	
	Long-Term	Current(1)	Long-Term	Current(1)
	(in millions)			
Short-term borrowings:				
Inventory financing	$ —	$ 53	$ —	$ 43
Total short-term borrowings	—	53	—	43
Long-term debt:				
CenterPoint Energy:				
ZENS (2)	—	152	—	143
Senior notes 5.95% to 6.85% due 2015 to 2018	550	200	750	—
Pollution control bonds 4.90% to 5.125% due 2015 to 2028 (3)	118	69	187	—
Commercial paper (4)	191	—	—	—
Other	2	2	—	—
CenterPoint Houston:				
First mortgage bonds 9.15% due 2021	102	—	102	—
General mortgage bonds 2.25% to 6.95% due 2022 to 2044	1,912	—	1,312	—
Pollution control bonds 4.25% to 5.60% due 2017 to 2027	—	—	183	—
System restoration bonds 1.833% to 4.243% due 2015 to 2022	415	48	463	47
Transition bonds 0.90% to 5.302% due 2015 to 2024	2,259	324	2,583	307
Other	1	—	—	—
CERC Corp.:				
Senior notes 4.50% to 6.625% due 2016 to 2041	2,168	—	2,168	—
Commercial paper (4)	341	—	118	—
Other	—	—	1	—
Unamortized discount and premium, net	(50)	—	(50)	—
Total long-term debt	8,009	795	7,817	497
Total debt	$ 8,009	$ 848	$ 7,817	$ 540

(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 10(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) $118 million of these series of debt were secured by general mortgage bonds of CenterPoint Houston at both December 31, 2014 and 2013.

(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.

(a) Short-term Borrowings

Inventory Financing. NGD has asset management agreements associated with its utility distribution service in Arkansas, north Louisiana and Oklahoma that extend through 2018. Pursuant to the provisions of the agreements, NGD sells natural gas and agrees to repurchase an equivalent amount of natural gas during the winter heating seasons at the same cost, plus a financing charge. These transactions are accounted for as a financing and they had an associated principal obligation of $53 million and $43 million as of December 31, 2014 and 2013, respectively.

(b) Long-term Debt

On March 17, 2014, CenterPoint Energy Houston Electric, LLC issued $600 million principal amount of 4.50% General Mortgage Bonds due 2044.

Debt Repayments. Approximately $44 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Houston were redeemed on March 3, 2014 at 101% of their principal amount plus accrued interest. The bonds had an interest rate of 4.25%, were scheduled to mature in 2017 and were collateralized by general mortgage bonds of CenterPoint Houston.

Approximately $56 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Houston were purchased by CenterPoint Houston on March 3, 2014 at 101% of their principal amount plus accrued interest pursuant to the mandatory tender provisions of the bonds. The bonds had an interest rate of 5.60% prior to CenterPoint Houston's purchase and have a variable rate thereafter. The bonds mature in 2027 and are collateralized by general mortgage bonds of CenterPoint Houston. The purchased pollution control bonds may be remarketed.

Approximately $84 million aggregate principal amount of pollution control bonds issued on behalf of CenterPoint Houston were redeemed on June 2, 2014 at 100% of their principal amount plus accrued interest. The bonds had an interest rate of 4.25%, were scheduled to mature in 2017 and were collateralized by general mortgage bonds of CenterPoint Houston.

Transition and System Restoration Bonds. As of December 31, 2014, CenterPoint Houston had special purpose subsidiaries consisting of transition and system restoration bond companies, which it consolidates. 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 transition bonds and system restoration 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 payable by most of CenterPoint Houston's retail electric customers in order to provide recovery of authorized qualified costs. CenterPoint Houston has no payment obligations in respect of the transition and system restoration bonds other than to remit the applicable transition or system restoration charges it collects. 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 CenterPoint Houston have no recourse to any assets or revenues of the transition and system restoration bond companies (including the transition and system restoration charges), and the holders of transition bonds or system restoration bonds have no recourse to the assets or revenues of CenterPoint Energy or CenterPoint Houston.

Credit Facilities. As of December 31, 2014 and 2013, CenterPoint Energy, CenterPoint Houston and CERC Corp. had the following revolving credit facilities and utilization of such facilities (in millions):

		December 31, 2014			December 31, 2013		
	Size of Facility	Loans	Letters of Credit	Commercial Paper	Loans	Letters of Credit	Commercial Paper
CenterPoint Energy..........	$ 1,200	$ —	$ 6	$ 191	$ —	$ 6	$ —
CenterPoint Houston	300	—	4	—	—	4	—
CERC Corp......................	600	—	—	341	—	—	118
Total............................	$ 2,100	$ —	$ 10	$ 532	$ —	$ 10	$ 118

CenterPoint Energy's $1.2 billion revolving credit facility, which is scheduled to terminate on September 9, 2019, can be drawn at the London Interbank Offered Rate (LIBOR) plus 1.25% based on CenterPoint Energy's current credit ratings. The revolving credit facility contains a financial covenant which limits CenterPoint Energy's consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of CenterPoint Energy's consolidated capitalization. The financial covenant limit will temporarily increase from 65% to 70% if CenterPoint Houston experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that CenterPoint Houston has incurred system restoration costs reasonably likely to exceed $100 million in a consecutive twelve-month period, all or part of which CenterPoint Houston 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.

CenterPoint Houston's $300 million revolving credit facility, which is scheduled to terminate on September 9, 2019, can be drawn at LIBOR plus 1.125% based on CenterPoint Houston's current credit ratings. The revolving credit facility contains a financial covenant which limits CenterPoint Houston's consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of CenterPoint Houston's consolidated capitalization.

CERC Corp.'s $600 million revolving credit facility, which is scheduled to terminate on September 9, 2019, can be drawn at LIBOR plus 1.50% based on CERC Corp.'s current credit ratings. The revolving credit facility contains a financial covenant which limits CERC's consolidated debt to an amount not to exceed 65% of CERC's consolidated capitalization.

CenterPoint Energy, CenterPoint Houston and CERC Corp. were in compliance with all financial debt covenants as of December 31, 2014.

Maturities. CenterPoint Energy's maturities of long-term debt, capital leases and sinking fund requirements, excluding the ZENS obligation, are $641 million in 2015, $716 million in 2016, $911 million in 2017, $1.1 billion in 2018 and $1.0 billion in 2019. These maturities include transition and system restoration bond principal repayments on scheduled payment dates aggregating $372 million in 2015, $391 million in 2016, $411 million in 2017, $434 million in 2018 and $458 million in 2019.

Liens. As of December 31, 2014, CenterPoint Houston's assets were subject to liens securing approximately $102 million of first mortgage bonds. Sinking or improvement fund and replacement fund requirements on the first mortgage bonds may be satisfied by certification of property additions. Sinking fund and replacement fund requirements for 2014, 2013 and 2012 have been satisfied by certification of property additions. The replacement fund requirement to be satisfied in 2015 is approximately $209 million, and the sinking fund requirement to be satisfied in 2015 is approximately $1.6 million. CenterPoint Energy expects CenterPoint Houston to meet these 2015 obligations by certification of property additions. As of December 31, 2014, CenterPoint Houston's assets were also subject to liens securing approximately $2.4 billion of general mortgage bonds which are junior to the liens of the first mortgage bonds.

(13) Income Taxes

The components of CenterPoint Energy's income tax expense were as follows:

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Current income tax expense (benefit):			
Federal	$ (20)	$ 91	$ —
State	14	23	12
Total current expense (benefit)	(6)	114	12
Deferred income tax expense (benefit):			
Federal	273	370	280
State	7	(14)	48
Total deferred expense	280	356	328
Total income tax expense	$ 274	$ 470	$ 340

A reconciliation of income tax expense 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,		
	2014	2013	2012
		(in millions)	
Income before income taxes	$ 885	$ 781	$ 757
Federal statutory income tax rate	35.0%	35.0%	35.0%
Expected federal income tax expense	310	273	265
Increase (decrease) in tax expense resulting from:			
State income tax expense, net of federal income tax	16	21	39
Amortization of investment tax credit	—	—	(2)
Tax effect related to the formation of Enable	—	196	—
Decrease in settled and uncertain income tax positions	—	(9)	(33)
Goodwill impairment	—	—	88
Tax basis balance sheet adjustments	(29)	—	—
Other, net	(23)	(11)	(17)
Total	(36)	197	75
Total income tax expense	$ 274	$ 470	$ 340
Effective tax rate	31.0%	60.2%	44.9%

In 2014, CenterPoint Energy recognized a $29 million deferred income tax benefit upon completion of its tax basis balance sheet review. The adjustment resulted in a decrease to deferred tax liabilities of $32 million, a decrease to income taxes payable of $5 million and a decrease to income tax regulatory assets of $8 million. CenterPoint Energy determined the impact of the $29 million adjustment was not material to any prior period or the year ended December 31, 2014.

In 2013, CenterPoint Energy recorded a deferred tax expense of $225 million at the formation of Enable related to the book-to-tax basis difference for contributed non-tax deductible goodwill and recognized a tax benefit of $29 million associated with the remeasurement of state deferred taxes at formation. In addition, CenterPoint Energy recognized a tax benefit of $8 million based on the settlement with the Internal Revenue Service (IRS) of outstanding tax claims for the 2002 and 2003 tax years.

In 2012, CenterPoint Energy recorded a non-tax deductible impairment of goodwill of $252 million ($88 million tax effect) and a net decrease in income tax expense of $33 million related to favorable audit settlements.

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

	December 31, 2014	December 31, 2013
	(in millions)	
Deferred tax assets:		
Current:		
Allowance for doubtful accounts	$ 10	$ 11
Deferred gas costs	—	7
Other	13	12
Total current deferred tax assets	23	30
Non-current:		
Loss and credit carryforwards	69	51
Employee benefits	327	258
Other	89	76
Total non-current deferred tax assets before valuation allowance	485	385
Valuation allowance	(2)	(2)
Total non-current deferred tax assets, net of valuation allowance	483	383
Total deferred tax assets, net of valuation allowance	506	413
Deferred tax liabilities:		
Current:		
Unrealized gain on indexed debt securities	636	541
Unrealized gain on TW securities	65	97
Deferred gas costs	6	—
Total current deferred tax liabilities	707	638
Non-current:		
Depreciation	2,201	1,908
Regulatory assets, net	1,228	1,308
Investment in unconsolidated affiliates	1,789	1,590
Other	21	119
Total non-current deferred tax liabilities	5,239	4,925
Total deferred tax liabilities	5,946	5,563
Accumulated deferred income taxes, net	$ 5,440	$ 5,150

Tax Attribute Carryforwards and Valuation Allowance. CenterPoint Energy has $9 million of federal capital loss carryforwards which expire in 2018, $725 million of state net operating loss carryforwards which expire between 2015 and 2034, $4 million of state tax credits which do not expire, and $244 million of state capital loss carryforwards which expire in 2017 for which management established a full valuation allowance of $2 million net of federal tax. The valuation allowance was established based upon management's evaluation that loss carryforwards may not be fully realized.

Uncertain Income Tax Positions. The following table reconciles the beginning and ending balance of CenterPoint Energy's unrecognized tax benefits (expenses):

	December 31,		
	2014	2013	2012
		(in millions)	
Balance, beginning of year	$ —	$ (23)	$ 51
Tax Positions related to prior years:			
Reductions	—	(1)	(75)
Tax Positions related to current year:			
Settlements	—	24	1
Balance, end of year	$ —	$ —	$ (23)

CenterPoint Energy reported no uncertain tax liability as of December 31, 2014 and expects no significant change to the uncertain tax liability over the next twelve months ending December 31, 2015 to have a material impact on financial position, results of operations and cash flows.

CenterPoint Energy recognizes interest and penalties as a component of income tax expense. CenterPoint Energy recognized $3 million of income tax expense, $3 million of income tax benefit and $7 million of income tax benefit related to interest on income tax positions during 2014, 2013 and 2012, respectively. CenterPoint Energy had $5 million of interest receivable on income tax positions accrued at December 31, 2013.

Tax Audits and Settlements. Tax years through 2011 have been audited and settled with the IRS. The consolidated federal income tax returns for the years 2012 and 2013 are currently under audit by the IRS. For 2014, CenterPoint Energy is a participant in the IRS's Compliance Assurance Process. CenterPoint Energy has considered the effects of these examinations in its accrual for settled issues and liability for uncertain income tax positions as of December 31, 2014.

(14) Commitments and Contingencies

(a) Natural Gas Supply Commitments

Natural gas supply commitments include natural gas contracts related to CenterPoint Energy's Natural Gas Distribution and Energy Services business segments, which have various quantity requirements and durations, that are not classified as non-trading derivative assets and liabilities in CenterPoint Energy's Consolidated Balance Sheets as of December 31, 2014 and 2013 as these contracts meet an exception as "normal purchases contracts" or do not meet the definition of a derivative. Natural gas supply commitments also include natural gas transportation contracts that do not meet the definition of a derivative. As of December 31, 2014, minimum payment obligations for natural gas supply commitments are approximately $696 million in 2015, $605 million in 2016, $551 million in 2017, $507 million in 2018, $255 million in 2019 and $114 million after 2019.

(b) Asset Management Agreements

NGD has asset management agreements (AMAs) associated with its utility distribution service in Arkansas, Louisiana, Mississippi, Oklahoma and Texas. Generally, these AMAs are contracts between NGD and an asset manager that are intended to transfer the working capital obligation and maximize the utilization of the assets. In these AMAs, NGD agreed to release transportation and storage capacity to other parties to manage gas storage, supply and delivery arrangements for NGD and to use the released capacity for other purposes when it is not needed for NGD. NGD is compensated by the asset manager through payments made over the life of the AMAs based in part on the results of the asset optimization. NGD has an obligation to purchase its winter storage requirements that have been released to the asset manager under these AMAs. The AMAs have varying terms, the longest of which expires in 2018.

(c) Lease Commitments

The following table sets forth information concerning CenterPoint Energy's obligations under non-cancelable long-term operating leases at December 31, 2014, which primarily consist of rental agreements for building space, data processing equipment, compression equipment and rights of way (in millions):

2015	$	5
2016		4
2017		3
2018		2
2019		2
2020 and beyond		7
Total	$	23

Total lease expense for all operating leases was $11 million, $21 million and $27 million during 2014, 2013 and 2012, respectively.

(d) Legal, Environmental and Other Regulatory Matters

Legal Matters

Gas Market Manipulation Cases. CenterPoint Energy, CenterPoint Houston or their predecessor, Reliant Energy, Incorporated (Reliant Energy), and certain of their former subsidiaries have been named as defendants in certain lawsuits described below. Under a master separation agreement between CenterPoint Energy and a former subsidiary, Reliant Resources, Inc. (RRI), CenterPoint Energy and its subsidiaries are entitled to be indemnified by RRI and its successors for any losses, including certain attorneys' fees and other costs, arising out of these lawsuits. In May 2009, RRI sold its Texas retail business to a subsidiary of NRG and RRI changed its name to RRI Energy, Inc. In December 2010, Mirant Corporation merged with and became a wholly owned subsidiary of RRI, and RRI changed its name to GenOn Energy, Inc. (GenOn). In December 2012, NRG acquired GenOn through a merger in which GenOn became a wholly owned subsidiary of NRG. None of the sale of the retail business, the merger with Mirant Corporation, or the acquisition of GenOn by NRG alters RRI's (now GenOn's) contractual obligations to indemnify CenterPoint Energy and its subsidiaries, including CenterPoint Houston, for certain liabilities, including their indemnification obligations regarding the gas market manipulation litigation, nor does it affect the terms of existing guarantee arrangements for certain GenOn gas transportation contracts discussed below.

A large number of lawsuits were filed against numerous gas market participants in a number of federal and western state courts in connection with the operation of the natural gas markets in 2000-2002. CenterPoint Energy and its affiliates have since been released or dismissed from all but one such case. CenterPoint Energy Services, Inc. (CES), a subsidiary of CERC Corp., is a defendant in a case now pending in federal court in Nevada alleging a conspiracy to inflate Wisconsin natural gas prices in 2000-2002. In July 2011, the court issued an order dismissing the plaintiffs' claims against other defendants in the case, each of whom had demonstrated Federal Energy Regulatory Commission jurisdictional sales for resale during the relevant period, based on federal preemption, and stayed the remainder of the case pending outcome of the appeals. The plaintiffs appealed this ruling to the United States Court of Appeals for the Ninth Circuit, which reversed the trial court's dismissal of the plaintiffs' claims. In August 2013, the other defendants filed a petition for review with the U.S. Supreme Court, which the court granted on July 1, 2014. Four amicus briefs favorable to our co-defendants were filed by the United States, Interstate Natural Gas Association of America, et. al., Washington Legal Foundation and Noble America Corporation, et. al. The Supreme Court heard arguments on January 12, 2015, and a ruling is expected by summer 2015. CenterPoint Energy believes that CES is not a proper defendant in this case and will continue to pursue a dismissal. CenterPoint Energy does not expect the ultimate outcome of this matter to have a material adverse effect on its financial condition, results of operations or cash flows.

Environmental Matters

Manufactured Gas Plant Sites. CERC and its predecessors operated manufactured gas plants (MGPs) in the past. There are seven MGP sites in CERC's Minnesota service territory. CERC believes it never owned or operated, and therefore has no liability with respect to, two of these sites. With respect to two other sites, CERC has completed state ordered remediation, other than ongoing monitoring and water treatment.

At December 31, 2014, CERC had recorded a liability of $7 million for remediation of these Minnesota sites. The estimated range of possible remediation costs for the sites for which CERC believes it may have responsibility was $5 million to $29 million based on remediation continuing for 30 to 50 years. The cost estimates are based on studies of a site or industry average costs for remediation of sites of similar size. The actual remediation costs will be dependent upon the number of sites to be remediated, the participation of other potentially responsible parties (PRPs), if any, and the remediation methods used. As of December 31, 2014, CERC had collected $4 million from insurance companies to be used for future environmental remediation.

In addition to the Minnesota sites, the United States Environmental Protection Agency and other regulators have investigated MGP sites that were owned or operated by CERC or may have been owned by one of its former affiliates. CERC and CenterPoint Energy do not expect the ultimate outcome of these investigations 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 CenterPoint Energy contain or have contained asbestos insulation and other asbestos-containing materials. CenterPoint Energy or its subsidiaries have been named, along with numerous others, as a defendant in lawsuits filed by a number of individuals who claim injury due to exposure to asbestos. Some of the claimants have worked at locations owned by subsidiaries of CenterPoint Energy, but most existing claims relate to facilities previously owned by CenterPoint Energy's subsidiaries, some of which are currently owned by an affiliate of NRG. In 2004 and early 2005, CenterPoint Energy sold its generating business, to which most of these claims relate, to a company which is now an affiliate of NRG. Under the terms of the arrangements regarding separation of the generating business from CenterPoint Energy and its sale of that business, ultimate financial responsibility for uninsured losses from claims relating to the generating business has been assumed by the NRG affiliate, but CenterPoint Energy has agreed to continue to defend such claims to the extent they are covered by insurance maintained by CenterPoint Energy, subject to reimbursement of the costs of such defense by the NRG affiliate. CenterPoint Energy anticipates that additional claims like those received may be asserted in the future. Although their ultimate outcome cannot be predicted at this time, CenterPoint Energy intends to continue vigorously contesting claims that it does not consider to have merit and, based on its experience to date, does not expect these matters, either individually or in the aggregate, to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

Other Environmental. From time to time CenterPoint Energy identifies the presence of environmental contaminants on property where its subsidiaries conduct or have conducted operations. Other such sites involving contaminants may be identified in the future. CenterPoint Energy has and expects to continue to remediate identified sites consistent with its legal obligations. From time to time CenterPoint Energy has received notices from regulatory authorities or others regarding its status as a PRP in connection with sites found to require remediation due to the presence of environmental contaminants. In addition, CenterPoint Energy has been named from time to time as a defendant in litigation related to such sites. Although the ultimate outcome of such matters cannot be predicted at this time, CenterPoint Energy does not expect, based on its experience to date, these matters, either individually or in the aggregate, to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

Other Proceedings

CenterPoint Energy is 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, CenterPoint Energy is also a defendant 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. CenterPoint Energy regularly analyzes current information and, as necessary, provides accruals for probable liabilities on the eventual disposition of these matters. CenterPoint Energy does not expect the disposition of these matters to have a material adverse effect on CenterPoint Energy's financial condition, results of operations or cash flows.

(e) Guarantees

Prior to the distribution of CenterPoint Energy's ownership in RRI to its shareholders, CERC had guaranteed certain contractual obligations of what became RRI's trading subsidiary. When the companies separated, RRI agreed to secure CERC against obligations under the guarantees RRI had been unable to extinguish by the time of separation. Pursuant to such agreement, as amended in December 2007, RRI (now GenOn) agreed to provide to CERC cash or letters of credit as security against CERC's obligations under its remaining guarantees for demand charges under certain gas transportation agreements if and to the extent changes in market conditions expose CERC to a risk of loss on those guarantees based on an annual calculation, with any required collateral to be posted each December. The undiscounted maximum potential payout of the demand charges under these transportation contracts, which will be in effect until 2018, was approximately $42 million as of December 31, 2014. Based on market conditions in the fourth quarter of 2014 at the time the most recent annual calculation was made under the agreement, GenOn was not obligated to post any security. If GenOn should fail to perform the contractual obligations, CERC could have to honor its guarantee and, in such event, any collateral then provided as security may be insufficient to satisfy CERC's obligations.

CenterPoint Energy has provided guarantees (CenterPoint Midstream Guarantees) with respect to the performance of certain obligations of Enable under long-term gas gathering and treating agreements with an indirect wholly owned subsidiary of Encana Corporation and an indirect wholly owned subsidiary of Royal Dutch Shell plc. As of December 31, 2014, CenterPoint Energy had guaranteed Enable's obligations up to an aggregate amount of $100 million under these agreements. Under the terms of the omnibus agreement entered into in connection with the closing of the formation of Enable, Enable and CenterPoint Energy have agreed to use commercially reasonable efforts and cooperate with each other to terminate the CenterPoint Midstream Guarantees and to release CenterPoint Energy from such guarantees by causing Enable or one of its subsidiaries to enter into substitute guarantees or to assume the CenterPoint Midstream Guarantees as applicable.

CERC Corp. has also provided a guarantee of collection of $1.1 billion of Enable's Guaranteed Senior Notes. This guarantee is subordinated to all senior debt of CERC Corp. and is subject to automatic release on May 1, 2016.

The fair value of these guarantees is not material.

(15) Earnings Per Share

The following table reconciles numerators and denominators of CenterPoint Energy's basic and diluted earnings per share calculations:

	For the Year Ended December 31,		
	2014	2013	2012
	(in millions, except per share and share amounts)		
Net income	$ 611	$ 311	$ 417
Basic weighted average shares outstanding	429,634,000	428,466,000	427,189,000
Plus: Incremental shares from assumed conversions:			
Stock options	—	41,000	152,000
Restricted stock	2,034,000	2,423,000	2,453,000
Diluted weighted average shares	431,668,000	430,930,000	429,794,000
Basic earnings per share	$ 1.42	$ 0.73	$ 0.98
Diluted earnings per share	$ 1.42	$ 0.72	$ 0.97

(16) Unaudited Quarterly Information

Summarized quarterly financial data is as follows:

	Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (3)
	(in millions, except per share amounts)			
Revenues	$ 3,163	$ 1,884	$ 1,807	$ 2,372
Operating income	295	186	233	221
Net income	185	107	143	176
Basic earnings per share(1)	$ 0.43	$ 0.25	$ 0.33	$ 0.41
Diluted earnings per share(1)	$ 0.43	$ 0.25	$ 0.33	$ 0.41

	Year Ended December 31, 2013			
	First Quarter	Second Quarter (2)	Third Quarter	Fourth Quarter
	(in millions, except per share amounts)			
Revenues	$ 2,388	$ 1,894	$ 1,640	$ 2,184
Operating income	332	223	244	211
Net income (loss)	$ 147	$ (100)	$ 151	$ 113
Basic earnings (loss) per share(1)	$ 0.34	$ (0.23)	$ 0.35	$ 0.26
Diluted earnings (loss) per share(1)	$ 0.34	$ (0.23)	$ 0.35	$ 0.26

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

(2) Effective May 1, 2013, CenterPoint Energy contributed CenterPoint Midstream to Enable. See Note 2(b) and Note 9 for further discussion on the formation of Enable and CenterPoint Energy's investment in Enable, respectively.

(3) CenterPoint Energy recognized a $29 million deferred income tax benefit upon completion of its tax basis balance sheet review.

(17) Reportable Business Segments

CenterPoint Energy's determination of reportable business segments considers the strategic operating units under which CenterPoint Energy manages sales, allocates resources and assesses performance of various products and services to wholesale or retail customers in differing regulatory environments. CenterPoint Energy uses operating income as the measure of profit or loss for its business segments.

CenterPoint Energy's reportable business segments include the following: Electric Transmission & Distribution, Natural Gas Distribution, Energy Services, Midstream Investments and Other Operations. The electric transmission and distribution function (CenterPoint Houston) is reported in the Electric Transmission & Distribution business segment. Natural Gas Distribution consists of intrastate natural gas sales to, and natural gas transportation and distribution for, residential, commercial, industrial and institutional customers. Energy Services represents CenterPoint Energy's non-rate regulated gas sales and services operations. Midstream Investments consists primarily of CenterPoint Energy's investment in Enable and its retained interest in SESH. Other Operations consists primarily of other corporate operations which support all of CenterPoint Energy's business operations.

Prior to May 1, 2013, CenterPoint Energy also reported an Interstate Pipelines business segment, which included CenterPoint Energy's interstate natural gas pipeline operations, and a Field Services business segment, which included CenterPoint Energy's non-rate regulated natural gas gathering, processing and treating operations. The formation of Enable closed on May 1, 2013. Enable now owns substantially all of CenterPoint Energy's former Interstate Pipelines and Field Services business segments, except for a 0.1% interest in SESH. As a result, effective May 1, 2013, CenterPoint Energy reports equity earnings associated with its interest in Enable and equity earnings associated with its interest in SESH under its Midstream Investments segment, and no longer has Interstate Pipelines and Field Services reporting segments prospectively.

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

Financial data for business segments and products and services are as follows (in millions):

	Revenues from External Customers		Intersegment Revenues	Depreciation and Amortization	Operating Income (Loss)	Total Assets		Expenditures for Long-Lived Assets
As of and for the year ended December 31, 2014:								
Electric Transmission & Distribution	$ 2,845	(1)	$ —	$ 768	$ 595	$ 10,066		$ 818
Natural Gas Distribution	3,271		30	201	287	5,464		525
Energy Services	3,095		84	5	52	978		3
Midstream Investments (2)	—		—	—	—	4,521		—
Other	15		—	39	1	3,368	(3)	56
Reconciling Eliminations	—		(114)	—	—	(1,197)		—
Consolidated	$ 9,226		$ —	$ 1,013	$ 935	$ 23,200		$ 1,402
As of and for the year ended December 31, 2013:								
Electric Transmission & Distribution	$ 2,570	(1)	$ —	$ 685	$ 607	$ 9,605		$ 759
Natural Gas Distribution	2,837		26	185	263	4,976		430
Energy Services	2,374		27	5	13	895		3
Interstate Pipelines (4) (6)	133		53	20	72	—		29
Field Services (5) (6)	178		18	20	73	—		16
Midstream Investments (2)	—		—	—	—	4,518		—
Other	14		—	39	(18)	3,026	(3)	35
Reconciling Eliminations	—		(124)	—	—	(1,150)		—
Consolidated	$ 8,106		$ —	$ 954	$ 1,010	$ 21,870		$ 1,272
As of and for the year ended December 31, 2012:								
Electric Transmission & Distribution	$ 2,540	(1)	$ —	$ 729	$ 639	$ 11,174		$ 599
Natural Gas Distribution	2,320		22	173	226	4,775		359
Energy Services	1,758		26	6	(250)	839		6
Interstate Pipelines (4)	356		146	56	207	4,004		132
Field Services (5)	467		39	50	214	2,453		52
Other	11		—	36	2	2,600	(3)	40
Reconciling Eliminations	—		(233)	—	—	(2,974)		—
Consolidated	$ 7,452		$ —	$ 1,050	$ 1,038	$ 22,871		$ 1,188

(1) Sales to affiliates of NRG in 2014, 2013 and 2012 represented approximately $735 million, $658 million and $648 million, respectively, of CenterPoint Houston's transmission and distribution revenues. Sales to affiliates of Energy Future Holdings Corp. in 2014, 2013 and 2012 represented approximately $189 million, $167 million and $162 million, respectively, of CenterPoint Houston's transmission and distribution revenues.

(2) Midstream Investments reported equity earnings of $303 million from Enable and $5 million of equity earnings from CenterPoint Energy's interest in SESH for the year ended December 31, 2014. Midstream Investments reported equity earnings of $173 million from Enable and $8 million of equity earnings from CenterPoint Energy's interest in SESH for the eight months ended December 31, 2013. Included in total assets of Midstream Investments as of December 31, 2014 and 2013 is $4,520 million and $4,319 million, respectively, related to CenterPoint Energy's investment in Enable and $1 million and $199 million related to CenterPoint Energy's retained interest in SESH, respectively.

(3) Included in total assets of Other Operations as of December 31, 2014, 2013 and 2012, are pension and other postemployment related regulatory assets of $795 million, $627 million and $832 million, respectively.

(4) Interstate Pipelines recorded equity income of $7 million and $26 million in the years ended December 31, 2013 and 2012, respectively, from its interest in SESH, a jointly-owned pipeline. These amounts are included in Equity in earnings of unconsolidated affiliates under the Other Income (Expense) caption. Interstate Pipelines' investment in SESH was $404 million as of December 31, 2012, and is included in Investment in unconsolidated affiliates. As discussed above, effective May 1, 2013, CenterPoint Energy reports equity earnings associated with its interest in Enable and equity earnings associated with its interest in SESH under its Midstream Investments segment, and no longer has an Interstate Pipelines reporting segment prospectively.

(5) Field Services recorded equity income of $5 million for the year ended December 31, 2012 from its interest in Waskom. This amount is included in Equity in earnings of unconsolidated affiliates under the Other Income (Expense) caption. Beginning on August 1, 2012, financial results for Waskom are included in operating income due to the July 31, 2012 purchase of the 50% interest in Waskom that CenterPoint Energy did not already own. CenterPoint Energy contributed 100% interest in Waskom to Enable on May 1, 2013. Effective May 1, 2013, CenterPoint Energy reports equity earnings associated with its interest in Enable under its Midstream Investments segment, and no longer has a Field Services reporting segment prospectively.

(6) Results reflected in the year ended December 31, 2013 represent only January 2013 through April 2013.

	Year Ended December 31,		
Revenues by Products and Services:	**2014**	**2013**	**2012**
Electric delivery	$ 2,845	$ 2,570	$ 2,540
Retail gas sales	5,049	4,150	3,328
Wholesale gas sales	1,159	913	613
Gas transportation and processing	38	345	847
Energy products and services	135	128	124
Total	$ 9,226	$ 8,106	$ 7,452

(18) Subsequent Events

On January 22, 2015, CenterPoint Energy's board of directors declared a regular quarterly cash dividend of $0.2475 per share of common stock payable on March 10, 2015, to shareholders of record as of the close of business on February 13, 2015.

On January 23, 2015, Enable declared a quarterly cash distribution of $0.30875 per unit on all of its outstanding common and subordinated units for the quarter ended December 31, 2014. Accordingly, CERC Corp. expects to receive a cash distribution of approximately $72 million from Enable in the first quarter of 2015 to be made with respect to CERC Corp.'s limited partner interest in Enable for the fourth quarter of 2014.

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, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2014 to provide assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

There has been no change in our internal controls over financial reporting that occurred during the three months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) pertains to the assessment of internal control effectiveness in an organization. This framework was first implemented in 1992 and revised in 2013. CenterPoint Energy utilizes this framework for assessing the effectiveness of our internal controls and transitioned to the new 2013 COSO framework during the fourth quarter of 2014.

Management's Annual Report on Internal Control over Financial Reporting

Our 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 our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our 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 our evaluation under the framework in *Internal Control — Integrated Framework* (2013), our management has concluded that our internal control over financial reporting was effective as of December 31, 2014.

Deloitte & Touche LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2014 which is set forth below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, 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. 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2014 of the Company and our report dated February 26, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 26, 2015

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

None.

PART III

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

The information called for by Item 10, to the extent not set forth in “Executive Officers” in Item 1, will be set forth in the definitive proxy statement relating to CenterPoint Energy’s 2015 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.

Item 11. ***Executive Compensation***

The information called for by Item 11 will be set forth in the definitive proxy statement relating to CenterPoint Energy’s 2015 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.

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

The information called for by Item 12 will be set forth in the definitive proxy statement relating to CenterPoint Energy’s 2015 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.

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

The information called for by Item 13 will be set forth in the definitive proxy statement relating to CenterPoint Energy’s 2015 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.

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

The information called for by Item 14 will be set forth in the definitive proxy statement relating to CenterPoint Energy’s 2015 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.

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 as Exhibit 99.5.

(a)(2) Financial Statement Schedules for the Three Years Ended December 31, 2014

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

III, IV and V.

(a)(3) Exhibits.

See Index of Exhibits in CenterPoint Energy's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on February 26, 2015, which can be found on CenterPoint Energy's website at www.centerpointenergy.com/investors and at www.sec.gov.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated financial statements of CenterPoint Energy, Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, and the Company's internal control over financial reporting as of December 31, 2014, and have issued our reports thereon dated February 26, 2015; such reports are included elsewhere in this Form 10-K. Our audits also included the financial statement schedules of the Company listed in the index at Item 15 (a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 26, 2015

CENTERPOINT ENERGY, INC.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF CENTERPOINT ENERGY, INC. (PARENT COMPANY)

STATEMENTS OF INCOME

	For the Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Expenses:			
Operation and Maintenance Expenses	$ (22)	$ (13)	$ (20)
Total	(22)	(13)	(20)
Other Income (Expense):			
Interest Income from Subsidiaries	—	8	10
Other Income (Expense)	(1)	(5)	6
Loss on Indexed Debt Securities	(86)	(193)	(71)
Interest Expense to Subsidiaries	—	(24)	(25)
Interest Expense	(103)	(104)	(112)
Total	(190)	(318)	(192)
Loss Before Income Taxes, Equity in Subsidiaries	(212)	(331)	(212)
Income Tax Benefit	115	137	87
Loss Before Equity in Subsidiaries	(97)	(194)	(125)
Equity Income of Subsidiaries	708	505	542
Net Income	$ 611	$ 311	$ 417

See Notes to Condensed Financial Information (Parent Company) and CenterPoint Energy, Inc. and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8

CENTERPOINT ENERGY, INC.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF CENTERPOINT ENERGY, INC. (PARENT COMPANY)

STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Net income	$ 611	$ 311	$ 417
Other comprehensive income (loss):			
Adjustment to pension and other postretirement plans (net of tax of $5, $25 and $2)	3	44	(2)
Reclassification of deferred loss from cash flow hedges realized in net income (net of tax)	1	1	—
Other comprehensive income (loss)	4	45	(2)
Comprehensive income	$ 615	$ 356	$ 415

See Notes to Condensed Financial Information (Parent Company) and
CenterPoint Energy, Inc. and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8

CENTERPOINT ENERGY, INC.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF CENTERPOINT ENERGY, INC. (PARENT COMPANY)

BALANCE SHEETS

	December 31, 2014	December 31, 2013
	(in millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ —	$ —
Notes receivable — subsidiaries	227	88
Accounts receivable — subsidiaries	230	116
Other assets	87	21
Total current assets	544	225
Other Assets:		
Investment in subsidiaries	6,529	6,142
Other assets	811	649
Total other assets	7,340	6,791
Total Assets	$ 7,884	$ 7,016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable — subsidiaries	$ 142	$ 11
Indexed debt	152	143
Current portion of other long-term debt	269	—
Indexed debt securities derivative	541	455
Accounts payable:		
Subsidiaries	80	35
Other	2	5
Taxes accrued	575	517
Interest accrued	13	13
Other	22	—
Total current liabilities	1,796	1,179
Other Liabilities:		
Accumulated deferred tax liabilities	240	232
Benefit obligations	441	340
Other	1	—
Total non-current liabilities	682	572
Long-Term Debt	858	936
Shareholders' Equity:		
Common stock	4	4
Additional paid-in capital	4,169	4,157
Retained earnings	461	258
Accumulated other comprehensive loss	(86)	(90)
Total shareholders' equity	4,548	4,329
Total Liabilities and Shareholders' Equity	$ 7,884	$ 7,016

See Notes to Condensed Financial Information (Parent Company) and CenterPoint Energy, Inc. and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8

CENTERPOINT ENERGY, INC.

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF CENTERPOINT ENERGY, INC. (PARENT COMPANY)

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2014	2013	2012
		(in millions)	
Operating Activities:			
Net income	$ 611	$ 311	$ 417
Non-cash items included in net income:			
Equity income of subsidiaries	(708)	(505)	(542)
Deferred income tax expense	86	6	113
Amortization of debt issuance costs	4	4	4
Loss on indexed debt securities	86	193	71
Changes in working capital:			
Accounts receivable/(payable) from subsidiaries, net	(7)	47	39
Accounts payable	(3)	5	—
Other current assets	—	—	26
Other current liabilities	(83)	42	(63)
Common stock dividends received from subsidiaries	315	766	1,700
Other	(76)	(70)	(72)
Net cash provided by operating activities	225	799	1,693
Investing Activities:			
Decrease (increase) in notes receivable from subsidiaries	(139)	868	(398)
Net cash provided by (used in) investing activities	(139)	868	(398)
Financing Activities:			
Proceeds from commercial paper, net	191	—	—
Payments on long-term debt	—	(151)	(375)
Debt issuance costs	(1)	(2)	—
Common stock dividends paid	(408)	(355)	(346)
Proceeds from issuance of common stock, net	1	4	4
Increase (decrease) in notes payable to subsidiaries	131	(1,173)	(578)
Redemption of indexed debt securities	—	(8)	—
Other	—	18	—
Net cash used in financing activities	(86)	(1,667)	(1,295)
Net Decrease in Cash and Cash Equivalents	—	—	—
Cash and Cash Equivalents at Beginning of Year	—	—	—
Cash and Cash Equivalents at End of Year	$ —	$ —	$ —

See Notes to Condensed Financial Information (Parent Company) and CenterPoint Energy, Inc. and Subsidiaries Notes to Consolidated Financial Statements in Part II, Item 8

CENTERPOINT ENERGY, INC.
SCHEDULE I — NOTES TO CONDENSED FINANCIAL INFORMATION (PARENT COMPANY)

(1) *Background.* The condensed parent company financial statements and notes of CenterPoint Energy, Inc. (CenterPoint Energy) should be read in conjunction with the consolidated financial statements and notes of CenterPoint Energy, Inc. and subsidiaries appearing in the Annual Report on Form 10-K. Credit facilities at CenterPoint Energy Houston Electric, LLC (CenterPoint Houston) and CenterPoint Energy Resources Corp., indirect wholly owned subsidiaries of CenterPoint Energy, limit debt, excluding transition and system restoration bonds, as a percentage of their consolidated capitalization to 65%. These covenants could restrict the ability of these subsidiaries to distribute dividends to CenterPoint Energy.

(2) *New Accounting Pronouncements.* In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08), which significantly changes the existing accounting guidance on discontinued operations. Under ASU 2014-08, only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results should be reported as a discontinued operation. ASU 2014-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. ASU 2014-08 should be applied to components classified as held for sale after its effective date. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The adoption is expected to reduce the number of disposals that meet the definition of a discontinued operation.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*) (ASU 2014-09), which supersedes most current revenue recognition guidance. ASU 2014-09 provides a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted, and entities have the option of using either a full retrospective or a modified retrospective adoption approach. Accordingly, CenterPoint Energy will adopt ASU 2014-09 on January 1, 2017, and is currently evaluating the impact that this standard will have on its financial position, results of operations, cash flows and disclosures.

In November 2014, the FASB issued ASU No. 2014-16, *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* (ASU 2014-16). ASU 2014-16 clarifies how current guidance should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the amendments clarify that an entity should consider all relevant terms and features, including the embedded derivative feature being evaluated for bifurcation, in evaluating the nature of a host contract. ASU 2014-16 is effective for fiscal years and interim periods beginning after December 15, 2015. CenterPoint Energy is currently assessing the impact, if any, that this standard will have on its financial position, results of operations, cash flows and disclosures.

In January 2015, the FASB issued ASU No. 2015-01, *Income Statement-Extraordinary and Unusual Items (Subtopic 225-20)-Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* (ASU 2015-01), which eliminates the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and may be applied either prospectively or retrospectively. CenterPoint Energy will adopt ASU 2015-01 on January 1, 2016 and does not anticipate the adoption to have a material impact on its consolidated financial statements.

Management believes that other recently issued standards, which are not yet effective, will not have a material impact on CenterPoint Energy's consolidated financial position, results of operations or cash flows upon adoption.

(3) *Long-term Debt.* As of December 31, 2014 and 2013, CenterPoint Energy had no borrowings and approximately \$6 million and \$6 million, respectively, of outstanding letters of credit under its \$1.2 billion credit facility. There was \$191 million of commercial paper outstanding that was backstopped by CenterPoint Energy's \$1.2 billion credit facility as of December 31, 2014. CenterPoint Energy was in compliance with all financial debt covenants as of December 31, 2014.

CenterPoint Energy's \$1.2 billion revolving credit facility, which is scheduled to terminate on September 9, 2019, can be drawn at the London Interbank Offered Rate (LIBOR) plus 1.25% based on CenterPoint Energy's current credit ratings. The revolving credit facility contains a financial covenant which limits CenterPoint Energy's consolidated debt (excluding transition and system restoration bonds) to an amount not to exceed 65% of CenterPoint Energy's consolidated capitalization. The financial covenant limit will temporarily increase from 65% to 70% if CenterPoint Houston experiences damage from a natural disaster in its service territory and CenterPoint Energy certifies to the administrative agent that CenterPoint Houston has incurred system restoration costs reasonably likely to exceed $100 million in a consecutive twelve-month period, all or part of which CenterPoint Houston 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.

CenterPoint Energy's maturities of long-term debt, excluding the indexed debt securities obligation, are $269 million in 2015, $250 million in 2017, $350 million in 2018 and $191 million in 2019. There are no maturities of long-term debt in 2016.

(4) *Guarantees.* CenterPoint Energy has provided guarantees (CenterPoint Midstream Guarantees) with respect to the performance of certain obligations of Enable under long-term gas gathering and treating agreements with an indirect wholly owned subsidiary of Encana Corporation and an indirect wholly owned subsidiary of Royal Dutch Shell plc. As of December 31, 2014, CenterPoint Energy had guaranteed Enable's obligations up to an aggregate amount of $100 million under these agreements. Under the terms of the omnibus agreement entered into in connection with the closing of the formation of Enable, Enable and CenterPoint Energy have agreed to use commercially reasonable efforts and cooperate with each other to terminate the CenterPoint Midstream Guarantees and to release CenterPoint Energy from such guarantees by causing Enable or one of its subsidiaries to enter into substitute guarantees or to assume the CenterPoint Midstream Guarantees as applicable.

CENTERPOINT ENERGY, INC.

SCHEDULE II —VALUATION AND QUALIFYING ACCOUNTS
For the Three Years Ended December 31, 2014

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions From Reserves (1)	Balance at End of Period
			(in millions)		
Year Ended December 31, 2014					
Accumulated provisions:					
Uncollectible accounts receivable	$ 28	$ 22	$ 2	$ 26	$ 26
Deferred tax asset valuation allowance	2	—	—	—	2
Year Ended December 31, 2013					
Accumulated provisions:					
Uncollectible accounts receivable	$ 25	$ 21	$ 1	$ 19	$ 28
Deferred tax asset valuation allowance	2	—	—	—	2
Year Ended December 31, 2012					
Accumulated provisions:					
Uncollectible accounts receivable	$ 25	$ 16	$ 1	$ 17	$ 25
Deferred tax asset valuation allowance	4	(1)	(1)	—	2

(1) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the uncollectible accounts reserve, such deductions are net of recoveries of amounts previously written off.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, the State of Texas, on the 26th day of February, 2015.

CENTERPOINT ENERGY, INC.
(Registrant)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 26, 2015.

Signature	Title
/s/ SCOTT M. PROCHAZKA Scott M. Prochazka	President, Chief Executive Officer and Director (Principal Executive Officer and Director)
/s/ GARY L. WHITLOCK Gary L. Whitlock	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ KRISTIE L. COLVIN Kristie L. Colvin	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ MILTON CARROLL Milton Carroll	Executive Chairman of the Board of Directors
/s/ MICHAEL P. JOHNSON Michael P. Johnson	Director
/s/ JANIECE M. LONGORIA Janiece M. Longoria	Director
/s/ SCOTT J. MCLEAN Scott J. McLean	Director
/s/ SUSAN O. RHENEY Susan O. Rheney	Director
/s/ PHILIP R. SMITH Philip R. Smith	Director
/s/ R. A. WALKER R. A. Walker	Director
/s/ PETER S. WAREING Peter S. Wareing	Director

Exhibit 12

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Millions of Dollars)

	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010 (1)
Income before extraordinary item	$ 611	$ 311	$ 417	$ 770	$ 442
Equity in earnings of unconsolidated affiliates, net of distributions	(2)	(58)	8	8	13
Income taxes	274	470	341	404	263
Capitalized interest	(11)	(11)	(9)	(4)	(9)
	872	712	757	1,178	709
Fixed charges, as defined:					
Interest	471	484	569	583	621
Capitalized interest	11	11	9	4	9
Interest component of rentals charged to operating expense	4	7	9	14	26
Total fixed charges	486	502	587	601	656
Earnings, as defined	$ 1,358	$ 1,214	$ 1,344	$ 1,779	$ 1,365
Ratio of earnings to fixed charges	2.79	2.42	2.29	2.96	2.08

(1) Excluded from the computation of fixed charges for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 is interest expense of $3 million, interest income of $6 million, interest income of $11 million, interest income of $12 million and interest expense of $9 million respectively, which is included in income tax expense.

Investor Information

Annual Meeting

The 2015 Annual Meeting of Shareholders will be held on Thursday, April 23, at 9 a.m. CDT in the CenterPoint Energy Tower auditorium, 1111 Louisiana Street, Houston, Texas. Shareholders who hold shares of CenterPoint Energy at the close of business on February 23, 2015, will receive notice of the meeting and will be eligible to vote.

Corporate Office, Street Address

CenterPoint Energy, Inc.
1111 Louisiana Street
Houston, Texas 77002

Mailing Address

P.O. Box 4567
Houston, Texas
77210-4567
Telephone: (713) 207-1111

Auditors

Independent Registered
Public Accounting Firm
Deloitte & Touche LLP
Houston, Texas

Website Address

CenterPointEnergy.com

Investor Services

If you have questions about your CenterPoint Energy investor account, please contact us:

In Houston: (713) 207-3060
Toll (Free): (800) 231-6406
Fax: (713) 207-3169

Investor services, online tools and a list of publications may be found on the company's website at CenterPointEnergy.com/investors.

Investor Services representatives are available from 8 a.m. to 5 p.m. Central time, Monday through Friday, to help you with questions about CenterPoint Energy common stock or enrollment in the CenterPoint Energy Investor's Choice Plan.

The Investor's Choice Plan provides easy, inexpensive investment options, including direct purchase and sale of CenterPoint Energy common stock; dividend reinvestment; statement-based accounting and monthly or quarterly automatic investing by electronic transfer. You can become a registered CenterPoint Energy shareholder by making an initial investment of at least $250 through Investor's Choice.

CenterPoint Energy Investor Services serves as transfer agent, registrar and dividend disbursing agent for CenterPoint Energy common stock.

Information Requests

Download or call (888) 468-3020 toll free for additional copies of:
2014 Annual Report and Form 10-K
2015 Proxy Statement

Dividend Payments

Common stock dividends are generally paid quarterly in March, June, September and December. Dividends are subject to declaration by the Board of Directors, who establish the amount of each quarterly common stock dividend and fix record and payment dates.

Institutional Investors

Security analysts and other investment professionals should contact Carla Kneipp, Vice President, Treasurer at (713) 207-6500.

Stock Listing

CenterPoint Energy, Inc. common stock is traded under the symbol CNP on the New York and Chicago stock exchanges.

Cautionary Statement

Certain disclosures in this annual report may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The "cautionary statement" on page ii of CenterPoint Energy's Form 10-K for the fiscal year ended December 31, 2014, and the disclosure referenced therein should be read in conjunction with the forward-looking statements.

CenterPoint® Energy

1111 Louisiana Street // Houston, Texas 77002 // centerpointenergy.com

Interim Rate Petition

CenterPoint Energy

Joseph J. Vortherms
Division Vice President
Regional Operations

505 Nicollet Mall
P.O. Box 59038
Minneapolis, MN 55459-0038

August 3, 2015

Mr. Daniel Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2116

Re: Petition for Interim Rates; Docket No. G-008/GR-15-424

Dear Mr. Wolf:

This Petition contains the information required by the Minnesota Public Utilities Commission's ("Commission") Statement of Policy on Interim Rates, dated April 14, 1982.

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), hereby submits to the Commission this Petition for Interim Rates ("Petition") for its Minnesota natural gas customers, pursuant to Minn. Stat. § 216B.16, Subd. 3, the Commission's Statement of Policy on Interim Rates, and relevant Minnesota Rules.

Information Provided Pursuant to the Commission's Statement of Policy on Interim Rates and Relevant Commission Rules.

1. Names of Utility and Attorneys. (Policy Statement, Item 1, pg. 2.)

   CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
   505 Nicollet Mall
   Minneapolis, MN 55402
   (612) 372-4664

   Brenda A. Bjorklund, Esq.
   505 Nicollet Mall
   Minneapolis, MN 55402
   (612) 321-4976
   (612) 321-4699

   Eric F. Swanson
   Winthrop & Weinstine, P.A.
   225 South 6th Street, Suite 3500
   Minneapolis, MN 55402
   (612) 604-6511
   (612) 604-6811 – FAX

2. Date of filing and date proposed interim rates are requested to be effective. (Policy Statement, Item 2, pg. 2.)

The date of the submission of the Application for Authority to Increase Natural Gas Rates in Minnesota is August 3, 2015. The proposed interim rates are to be effective for service rendered on and after October 2, 2015. The rationale for the proposed effective date is provided in Ms. Peggy Sorum's Interim Rate Petition testimony.

3. Description and need for interim rates. (Policy Statement, Item 3, pg. 2.)

The proposed interim rate increase applies to all classes of CenterPoint Energy's retail natural gas customers. This proposal is also explained in Ms. Sorum's Interim Rates Petition testimony. Interim rates are needed because the increased costs of service, reflected in CenterPoint Energy's general rate filing, currently are being incurred or will be incurred during the test year, which begins on October 1, 2015. Without interim rate relief, CenterPoint Energy would be unable to recover these increased costs.

4. Description and corresponding dollar amount of changes included in interim rates as compared with the most current approved general rate case and with the most recent year for which audited data is available. (Policy Statement, Item 4, pg. 2.)

A detailed comparison of the changes included in interim rates compared with CenterPoint Energy's most recently approved rate case (Docket No. G-008/GR-13-316) is contained in this Petition.

A detailed comparison of the changes included in interim rates as compared with calendar year 2014, which is the most recent actual year for which audited data is available, is contained in this Petition.

5. Effect of the interim rates expressed in gross revenue dollars and as a percentage of test year gross revenue. (Policy Statement, Item 5, pg. 2.)

The test year for CenterPoint Energy's general rate increase filing is the twelve months ending September 30, 2016 The revenue requirement study supporting the necessity for an interim rate increase shows a deficiency in revenue of $47,808 million or 4.65% on an annual basis under present rates for CenterPoint Energy.

6. Certification by Division Vice President. (Policy Statement, Item 6, pg. 2.)

A Certificate by CenterPoint Energy's Division Vice President Joseph J. Vortherms, affirming that the proposed Petition for Interim Rates is in compliance with Minnesota Statutes and Rules, is attached.

7. Signature and title of the utility officer authorizing the proposed interim rates. (Policy Statement, Item 7, pg. 2.)

Joseph J. Vortherms, Division Vice President, is the officer authorizing the proposed interim rates and his signature is found on the next page.

8. Supporting schedules and workpapers. (Policy Statement, Items 1-4, pg. 3.)

The supporting schedules and workpapers for the interim rate petition consist of the attached testimony and exhibits.

9. Interim rate schedules. (Minn. Rule pt. 7825.3600) Revenue Rate Comparisons.

The rate schedules containing the proposed interim rates are included under the Interim Tariffs tab of the Petition.

A summary of the revenue increase under the proposed interim rates for each customer class is included as Schedule IR-6 in this Petition. Under CenterPoint Energy's proposed assessment of interim rates, a fixed percentage increase would be applied to all customers' bills in equal proportions under the existing rate design for those customers.

10. Methods and Procedures for Refunding. (Minn. Rules pt. 7825.3300.)

An Agreement and Undertaking signed by an authorized officer of CenterPoint Energy, Mr. Vortherms, is found in Volume I under the Notice of Change in Rates tab.

11. Customer Notice. (Minn. Rules pt. 7820.3200.)

If CenterPoint Energy's general rate increase is suspended, CenterPoint Energy will explain the impact of CenterPoint Energy's interim rates on customers' bills in the same insert explaining the general rate increase. This information is included in the proposed customer notice which is filed under Proposed Notices.

The customer notice will be mailed to customers when interim rates are billed. CenterPoint Energy requests prompt approval of the customer notice filed herewith so it can be included with the first bills under interim rates.

Conclusion

CenterPoint Energy hereby submits this Petition for Interim Rates which consists of all of the documents contained under the tabs Interim Tariffs and Interim Rate Petition. If the Commission suspends the operation of the general rate schedules, CenterPoint Energy respectfully requests that the Petition for Interim Rates be promptly considered and accepted by the Commission and that the proposed Interim Rate Schedules be approved and made effective for service rendered on and after October 2, 2015, subject to refund pending final Commission action on the general rate increase Application.

Sincerely,

/s/

Joseph J. Vortherms
Regional Vice President

/mjs
Attachments

CERTIFICATE

As required by the Minnesota Public Utilities Commission's Statement of Policy on Interim Rates dated April 14, 1982, I hereby certify and affirm that CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' Petition for Proposed Interim Rates and Final Rates is in compliance with Minnesota Statutes and Rules.

__/s/____________________________________
Joseph J. Vortherms
Division Vice President, Minnesota Regional Operations

Subscribed and sworn to before me
This 3rd day of August 2015

_/s/_____________________________
Mary Jo Schuh, Notary Public
My Commission Expires 1/31/20

Schedule IR-1
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Financial Summary For Interim Rates
Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Schedule Reference	Test Year: General Rate Filing	Test Year: Adjustments /1/	Test Year: Interim Rates	
1	Average Net Rate Base	IR-1(a)	$912,820	($107)	912,713	
2	Operating Income	IR-1(b)	$40,756	$215	40,971	
3	Rate of Return Required	IR-2/D-1	7.94%		7.56%	
4	Required Operating Income (1 x 3)		$72,478	($3,477)	69,001	
5	Operating Income Deficiency (4 - 2)		$31,722	($3,692)	28,030	
6	Gross Revenue Conversion	F-1	1.7056	1.7056	1.7056	
7	Revenue Deficiency (5 x 6)		$54,106	($6,296)	47,808	
8	Test Year Operating Revenues	IR-1(b)	$851,183		851,183	
9	Revenue Increase as a % of Test Year Revenues (7 ÷ 8)		6.4%			
10	Interim Billing Revenues	IR-1(d)			846,858	/2/
11	Interim Revenue Increase as a % of Interim Billing Revenues (7 ÷ 10)				5.65%	

/1/ See Exhibit_____(PJS-IR), Schedule 3, Page 1 of 5 for a list of adjustments.
/2/ See Schedule IR-1(d) line 4.

CenterPoint Energy
Summary of Average Rate Base
Minnesota Jurisdiction
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Test Year General Rate Filing /1/	Adjustments /2/	Interim Rates
1	Utility Plant in Service	$1,946,672	($12)	$1,946,660
2	Less - Accumulated Depreciation and Amortization	890,691		890,691
3	Net Utility Plant in Service	$1,055,981	($12)	$1,055,969
4	Construction Work in Progress	0		0
5	Net Acquisition Adjustment	0		0
6	Gas Stored Underground - Non Current	177		177
7	Customer Advances for Construction	(214)		(214)
8	Accumulated Deferred Income Taxes	(186,749)		(186,749)
9	Working Capital:			
10	Materials and Supplies	11,286		11,286
11	Gas Stored Underground - Current	36,026		36,026
12	Liquefied Natural Gas Stored	1,660		1,660
13	Liquefied Petroleum (Propane) Gas	5,919		5,919
14	Prepayments	1,259		1,259
15	Other Deferred Debits & Credits	(13,724)		(13,724)
16	Cash Working Capital	1,199	(95)	1,104
17	Total Working Capital	$43,625	($95)	$43,530
18	Average Net Rate Base	$912,820	($107)	$912,713

/1/ See Information Requirement Schedule B-1.

/2/ See Exhibit_____(PJS-IR), Schedule 3, Page 1 of 5 for a list of the adjustments.
See Exhibit_____(PJS-IR), Schedule 5, Page 1 of 2 for a reconciliation of the adjustments.

Schedule IR-1(b)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Statements of Operating Income For Interim Rates
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Test Year Expenses: General Rate Filing /1/	Adjustments /2/	Interim Rates
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528		$519,528
4	Commercial & Industrial	226,130		226,130
5	Total Firm	$745,658	$0	$745,658
6	Dual Fuel	75,042		75,042
7	Transportation	26,158		26,158
8	Other	1,108		1,108
9	Less: Franchise Fees	0		0
10	Total	$847,966	$0	$847,966
11	Late Payment Charges	3,217		3,217
12	Other Operating Revenue	0		0
13	Total Operating Revenue	$851,183	$0	$851,183
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	509,520		509,520
17	Production	1,145		1,145
18	Other Gas Supply	806		806
19	Underground Storage	896		896
20	Other Storage	727		727
21	Distribution	39,956		39,956
22	Customer Accounts	35,985		35,985
23	Customer Service & Informational	35,215		35,215
24	Sales	449		449
25	Administrative & General	43,614	(368)	43,246
26	Total Operation	$668,313	($368)	$667,945
27	Maintenance Expenses	21,480		21,480
28	Total Operation & Maintenance	$689,793	($368)	$689,425
29	Depreciation and Amortization	73,053		73,053
30	Federal & State Income Taxes	7,225	153 /3/	7,378
31	Deferred Income Taxes	5,941		5,941
32	Investment Tax Credit Adjustment	0		0
33	Other Taxes	34,415		34,415
34	Total Operating Expenses	$810,427	($215)	$810,212
35	Operating Income Before AFUDC	40,756	215	40,971
36	Allowance for Funds Used During Construction	0		0
37	Utility Operating Income	$40,756	$215	$40,971

/1/ See Information Requirement Schedule C-1
/2/ See Exhibit_____(PJS-IR) Schedule 3, Page 1 of 5 for a list of Adjustments
See Exhibit ____ (PJS-IR) Schedule 5, Page 2 of 2 for a reconciliation of adjustments
/3/ See Schedule IR-1(c)

CenterPoint Energy
Calculation of Tax Adjustment For Interim Rates
Test Year - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description		Tax Adjustments
1	Interim Adj. to Rate Base	($107) /1/	
2	Adjustment to Interest		
3	Deduction for Taxes		
4	Wtd Cost Debt	2.44%	
5	Tax Rate	41.37%	
6	Wtd Cost Debt x Tax Rate (4 x 5)	1.01%	
7	Increase in Income Taxes due		$1
8	to Reduction in Interest Expense		
9	Interim Adj. to Operating	$368 /2/	
10	Income before Taxes		
11	Tax Rate	41.37%	
12	Increase in Income Taxes due		$152
13	to Increase in Operating Income		
14	Total Tax Adj. for Interim Rates		$153

/1/ See Schedule IR-1(a) and Exhibit_____(PJS-IR), Schedule 3, Page 1 of 5.
/2/ See Schedule IR-1(b) line 28.

CenterPoint Energy
Interim Year Billing Revenues
($000s)

		Test Year Revenues	
Line No.	Description	Total Test Year Revenues /1/	Interim Year Billing Revenues
1	Residential	$519,528	$519,528
2	Commercial & Industrial	$226,130	$226,130
3	Dual Fuel & Transportation	$101,200	$101,200
4	Total	$846,858	$846,858

/1/ See Information Requirement Schedule C-1.

CenterPoint Energy
Capitalization and Cost of Capital Summary For Interim Rates
Test Year - Twelve Months Ending September 30, 2016

Line No.	Description	Amount ($000)	Ratio	Cost	Weighted Cost of Capital
	INTERIM RATE TEST YEAR AVERAGE				
1	Long Term Debt	$409,135	44.71%	5.38%	2.41%
2	Short Term Debt	17,022	1.86%	1.62%	0.03%
3	Common Stock Equity	488,973	53.43%	9.59%	5.12%
4	Total	$915,130	100.00%		7.56%
	MOST RECENT GENERAL RATE CASE AVERAGE				
5	Long Term Debt	$280,651	40.17%	5.84%	2.35%
6	Short Term Debt	50,560	7.24%	0.36%	0.03%
7	Common Stock Equity	367,495	52.60%	9.59%	5.04%
8	Total	$698,706			7.42%

CHANGES IN AVERAGE CAPITAL STRUCTURES

Line No.	Description	Interim Test Year	Prior Rate Case Test Year	Interim Over(Under) Prior Case
9	Long Term Debt	$409,135	$280,651	$128,484
10	Short Term Debt	$17,022	$50,560	($33,538)
11	Common Stock Equity	$488,973	$367,495	$121,478
12	Total	$915,130	$698,706	$216,424

Schedule IR-3
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Comparison of Average Rate Base Summaries
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year /1/	Most Recent Actual Year 2014	Most Recent Approved General Rate Case /2/
1	Utility Plant in Service	$1,946,660	$1,649,261	$1,586,030
2	Less - Accumulated Depreciation and Amortization	890,691	818,842	800,866
3	Net Utility Plant in Service	$1,055,969	$830,419	$785,164
4	Construction Work in Progress	0	0	0
5	Net Acquisition Adjustment	0	0	0
6	Gas Stored Underground - Non Current	177	177	177
7	Customer Advances for Construction	(214)	(214)	(241)
8	Accumulated Deferred Income Taxes	(186,749)	(158,781)	(132,792)
9	Working Capital:			
10	Materials and Supplies	11,286	11,286	9,474
11	Gas Stored Underground - Current	36,026	40,553	34,288
12	Liquefied Natural Gas Stored	1,660	1,702	1,473
13	Liquefied Petroleum (Propane) Gas	5,919	4,707	4,207
14	Prepayments	1,259	1,259	1,246
15	Other Deferred Debits & Credits	(13,724)	(13,086)	(14,588)
16	Cash Working Capital	1,104	1,714	11,841
17	Average Net Rate Base	$912,713	$719,736	$700,249

/1/ The test year for interim rates is the twelve months ending September 30, 2016

/2/ The test year for the most recently approved general rate case was the twelve months ending September 30, 2014. The amounts shown are the rate base balances approved by the Commission for the test year period.

Note: See Schedules IR-3(a), (b) and (c) for the dollar amount of changes from period to period.

Schedule IR-3(a)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Average Rate Base
Comparison of Interim Rate Test Year and
Most Recent Approved General Rate Case
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year	Most Recent Approved General Rate Case	Interim Over (Under) Approved
1	Utility Plant in Service:			
2	Intangible	$929	$1,589	($660)
3	Production	21,253	18,989	2,264
4	Underground Storage	22,812	20,981	1,831
5	Other Storage	17,005	16,507	498
6	Distribution	1,668,872	1,379,849	289,023
7	General	215,789	148,115	67,674
8	Total Utility Plant in Service	$1,946,660	$1,586,030	$360,630
9	Accumulated Reserve:			
10	Intangible	$368	$940	($572)
11	Production	19,003	17,303	1,700
12	Underground Storage	20,811	19,770	1,041
13	Other Storage	17,664	17,471	193
14	Distribution	721,107	654,488	66,619
15	General	111,738	90,894	20,844
16	Total Accumulated Reserve	$890,691	$800,866	$89,825
17	Net Utility Plant in Service:			
18	Intangible	$561	$649	($88)
19	Production	2,250	1,686	564
20	Underground Storage	2,001	1,211	790
21	Other Storage	(659)	(964)	305
22	Distribution	947,765	725,361	222,404
23	General	104,051	57,221	46,830
24	Total Net Utility Plant in Service	$1,055,969	$785,164	$270,805
25	Construction Work in Progress	0	0	0
26	Net Acquisition Adjustment	0	0	0
27	Gas Stored Underground-Noncurrent	177	177	0
28	Customer Advances for Construction	(214)	(241)	27
29	Accumulated Deferred Income Taxes	(186,749)	(132,792)	(53,957)
30	Working Capital:			
31	Materials and Supplies	11,286	9,474	1,812
32	Gas Stored Underground-Current	36,026	34,288	1,738
33	Liquefied Natural Gas Stored	1,660	1,473	187
34	Liquefied Petroleum (Propane) Gas	5,919	4,207	1,712
35	Prepayments	1,259	1,246	13
36	Other Deferred Debits & Credits	(13,724)	(14,588)	864
37	Other Cash Working Capital	1,104	11,841	(10,737)
38	Total Working Capital	$43,530	$47,941	($4,411)
39	Average Net Rate Base	$912,713	$700,249	$212,464

Schedule IR-3(b)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Average Rate Base
Comparison of Interim Rate Test Year and 2014 Actual
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year	Most Recent Actual Year 2014	Interim Over (Under) Actual
1	Utility Plant in Service:			
2	Intangible	$929	$929	$0
3	Production	21,253	19,535	1,718
4	Underground Storage	22,812	21,546	1,266
5	Other Storage	17,005	15,989	1,016
6	Distribution	1,668,872	1,422,887	245,985
7	General	215,789	168,375	47,414
8	Total Utility Plant in Service	$1,946,660	$1,649,261	$297,399
9	Accumulated Reserve:			
10	Intangible	$368	$326	$42
11	Production	19,003	18,274	729
12	Underground Storage	20,811	20,048	763
13	Other Storage	17,664	17,277	387
14	Distribution	721,107	665,239	55,868
15	General	111,738	97,678	14,060
16	Total Accumulated Reserve	$890,691	$818,842	$71,849
17	Net Utility Plant in Service:			
18	Intangible	$561	$603	($42)
19	Production	2,250	1,261	989
20	Underground Storage	2,001	1,498	503
21	Other Storage	(659)	(1,288)	629
22	Distribution	947,765	757,648	190,117
23	General	104,051	70,697	33,354
24	Total Net Utility Plant in Service	$1,055,969	$830,419	$225,550
25	Construction Work in Progress	0	0	0
26	Net Acquisition Adjustment	0	0	0
27	Gas Stored Underground-Noncurrent	177	177	0
28	Customer Advances for Construction	(214)	(214)	0
29	Accumulated Deferred Income Taxes	(186,749)	(158,781)	(27,968)
30	Working Capital:			
31	Materials and Supplies	11,286	11,286	0
32	Gas Stored Underground-Current	36,026	40,553	(4,527)
33	Liquefied Natural Gas Stored	1,660	1,702	(42)
34	Liquefied Petroleum (Propane) Gas	5,919	4,707	1,212
35	Prepayments	1,259	1,259	0
36	Other Deferred Debits & Credits	(13,724)	(13,086)	(638)
37	Cash working Capital	1,104	1,714	(610)
38	Total Working Capital	$43,530	$48,135	($4,605)
39	Average Net Rate Base	$912,713	$719,736	$192,977

Schedule IR-3(c)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Average Rate Base
Comparison of 2014 Actual and
Most Recent Approved General Rate Case
Minnesota Jurisdiction
($000s)

Line No.	Description	Most Recent Actual Year 2014	Most Recent Approved General Rate Case	Actual Over (Under) Approved
1	Utility Plant in Service:			
2	Intangible	$929	$1,589	($660)
3	Production	19,535	18,989	546
4	Underground Storage	21,546	20,981	565
5	Other Storage	15,989	16,507	(518)
6	Distribution	1,422,887	1,379,849	43,038
7	General	168,375	148,115	20,260
8	Total Utility Plant in Service	$1,649,261	$1,586,030	$63,231
9	Accumulated Reserve:			
10	Intangible	$326	$940	($614)
11	Production	18,274	17,303	971
12	Underground Storage	20,048	19,770	278
13	Other Storage	17,277	17,471	(194)
14	Distribution	665,239	654,488	10,751
15	General	97,678	90,894	6,784
16	Total Accumulated Reserve	$818,842	$800,866	$17,976
17	Net Utility Plant in Service:			
18	Intangible	$603	$649	($46)
19	Production	1,261	1,686	(425)
20	Underground Storage	1,498	1,211	287
21	Other Storage	(1,288)	(964)	(324)
22	Distribution	757,648	725,361	32,287
23	General	70,697	57,221	13,476
24	Total Net Utility Plant in Service	$830,419	$785,164	$45,255
25	Construction Work in Progress	0	0	0
26	Net Acquisition Adjustment	0	0	0
27	Gas Stored Underground-Noncurrent	177	177	0
28	Customer Advances for Construction	(214)	(241)	27
29	Accumulated Deferred Income Taxes	(158,781)	(132,792)	(25,989)
30	Working Capital:			
31	Materials and Supplies	11,286	9,474	1,812
32	Gas Stored Underground-Current	40,553	34,288	6,265
33	Liquefied Natural Gas Stored	1,702	1,473	229
34	Liquefied Petroleum (Propane) Gas	4,707	4,207	500
35	Prepayments	1,259	1,246	13
36	Other Deferred Debits & Credits	(13,086)	(14,588)	1,502
37	Cash working Capital	1,714	11,841	(10,127)
38	Total Working Capital	$48,135	$47,941	$194
39	Average Net Rate Base	$719,736	$700,249	$19,487

CenterPoint Energy
Average Net Rate Base
Explanation of Changes Between Periods
($000s)

Interim Test Year Over Most Recently Approved Test Year **(Twelve Months Ending September 30, 2014)**	$212,465

Explanation of significant changes are as follows:

<u>Net Plant increased by:</u>	$270,805

The increase in net plant is primarily in distribution plant with capital expenditures at levels required to meet our obligation to serve new customers and maintain a safe and reliable distribution system.
As discussed more fully by Messrs. Vortherms and Centers, CenterPoint Energy is making, and will continue to make significant capital expenditures. Recent integrity efforts require operators to more formally identify threats to our distribution system and to develop and execute risk mitigation plans. These efforts lead accelerated replacements and upgrades to our system. The more significant capital investments include: the Belt Line Transmission pipeline, addressing bare steel piping, replacing cast iron piping, and replacing copper service lines. Additionally, we are experiencing significant public improvements by local governments.

<u>A net credit balance in Accumulated Deferred Income Taxes increased by:</u>	$(53,957)

This change, which is a net reduction to rate base, is primarily due to the increase in net plant and the increase in the liberalized tax depreciation associated with the net plant increase.

<u>Change in Inventory items increased by:</u>	$3,637

This increase is primarily due to an increase in the level of storage inventories.

<u>Other Rate Base items decreased by:</u>	$(8,020)

This decrease is primarily due to a decrease in the cost of gas and increased property taxes which have decreased cash working capital requirements (lead/lag study).

CenterPoint Energy
Average Net Rate Base
Explanation of Changes Between Periods
($000s)

Interim Test Year Over Actual - 2014	$192,978

Explanation of significant changes are as follows:

Net Plant increased by: $225,550

The increase in net plant is primarily in distribution plant with capital expenditures at levels required to meet our obligation to serve new customers and maintain a safe and reliable distribution system. As discussed more fully by Messrs. Vortherms and Centers, CenterPoint Energy is making, and will continue to make significant capital expenditures. Recent integrity efforts require operators to more formally identify threats to our distribution system and to develop and execute risk mitigation plans. These efforts lead accelerated replacements and upgrades to our system. The more significant capital investments include: the Belt Line Transmission pipeline, addressing bare steel piping, replacing cast iron piping, and replacing copper service lines. Additionally, we are experiencing significant public improvements by local governments.

A net credit balance in Accumulated Deferred Income Taxes increased by: $(27,968)

This change, which is a net reduction to rate base, is primarily due to the increase in net plant and the increase in the liberalized tax depreciation associated with the net plant increase.

Other Rate Base items decreased by: $(4,604)

The decrease in other rate base items is primarily due to slightly lower value of storage inventories.

CenterPoint Energy
Average Net Rate Base
Explanation of Changes Between Periods
($000s)

2014 Actual Over Most Recently Approved Test Year	$19,487

Explanation of significant changes are as follows:

Net Plant was higher than Net Plant in Most Recently Approved Test Year by:	$45,255

The increase in net plant is primarily in distribution plant with capital expenditures at levels required to meet our obligation to serve new customers and maintain a safe and reliable distribution system.
As discussed more fully by Messrs. Vortherms and Centers, CenterPoint Energy is making, and will continue to make significant capital expenditures. Recent integrity efforts require operators to more formally identify threats to our distribution system and to develop and execute risk mitigation plans. These efforts lead accelerated replacements and upgrades to our system. The more significant capital investments include: the Belt Line Transmission pipeline, addressing bare steel piping, replacing cast iron piping, and replacing copper service lines. Additionally, we are experiencing significant public improvements by local governments.

A net credit balance in Accumulated Deferred Income Taxes increased by:	$(25,989)

This change, which is a net reduction to rate base, is primarily due to the increase in net plant and the increase in the liberalized tax depreciation associated with the net plant increase.

Change in Inventory items increased by:	$6,994

This increase is primarily due to an increase in the level of storage inventories.

Other Rate Base was lower than in the Most Recently Approved Test Year by:	$(6,773)

This decrease is primarily due to a decrease in the cost of gas and increased property taxes which have decreased cash working capital requirements (lead/lag study).

Schedule IR-4
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Comparisons of Operating Income Statements
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year /1/	Most Recent Actual Year 2014	Most Recent Approved General Rate Case /2/
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528	$734,584	$529,057
4	Commercial & Industrial	226,130	336,401	203,653
5	Total Firm	$745,658	$1,070,985	$732,710
6	Dual Fuel	75,042	169,570	125,190
7	Transportation	26,158	25,814	20,435
8	Other	1,108	(23,905)	1,389
9	Less: Franchise Fees	0	(19,159)	0
10	Total	$847,966	$1,223,305	$879,724
11	Late Payment Charges	3,217	3,727	2,746
12	Other Operating Revenue	0	(95)	0
13	Total Operating Revenue	$851,183	$1,226,937	$882,470
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$509,520	$852,930	$560,412
17	Production	1,145	1,652	866
18	Other Gas Supply	806	41	802
19	Underground Storage	896	929	870
20	Other Storage	727	1,020	634
21	Distribution	39,956	38,414	31,245
22	Customer Accounts	35,985	35,563	32,786
23	Customer Service & Informational	35,215	38,387	31,495
24	Sales	449	404	505
25	Administrative & General	43,246	42,298	34,590
26	Total Operation	$667,945	$1,011,638	$694,205
27	Maintenance Expenses	21,480	20,829	19,916
28	Total Operation & Maintenance	$689,425	$1,032,467	$714,121
29	Depreciation and Amortization	73,053	61,312	61,813
30	Federal & State Income Taxes	7,378	(11,034)	20,203
31	Deferred Income Taxes	5,941	48,098	4,521
32	Investment Tax Credit Adjustment	0	(464)	(463)
33	Other Taxes	34,415	27,927	30,317
34	Total Operating Expenses	$810,212	$1,158,306	$830,512
35	Operating Income Before AFUDC	40,971	68,631	51,958
36	Allow for Funds Used During Cons.	0	0	0
37	Utility Operating Income	$40,971	$68,631	$51,958

/1/ The test year for interim rates is the twelve months ending September 30, 2016.
/2/ The Income Statement above reflects the income statement approved in Docket G008/GR-13-316

Note: See Schedules IR-4(a), (b) and (c) for the dollar amount of changes from period to period.

Schedule IR-4(a)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Statements of Operating Income
Comparison of Interim Rate Test Year and
Most Recent Approved General Rate Case
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year	Most Recent Approved General Rate Case /1/	Interim Over(Under) Approved
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528	$529,057	($9,529)
4	Commercial & Industrial	226,130	203,653	22,477
5	Total Firm	$745,658	$732,710	$12,948
6	Dual Fuel	75,042	125,190	(50,148)
7	Transportation	26,158	20,435	5,723
8	Other	1,108	1,389	(281)
9	Less: Franchise Fees	0	0	0
10	Total	$847,966	$879,724	($31,758)
11	Late Payment Charges	3,217	2,746	471
12	Other Operating Revenue	0	0	0
13	Total Operating Revenue	$851,183	$882,470	($31,287)
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$509,520	$560,412	($50,892)
17	Production	1,145	866	$279
18	Other Gas Supply	806	802	4
19	Underground Storage	896	870	26
20	Other Storage	727	634	93
21	Distribution	39,956	31,245	8,711
22	Customer Accounts	35,985	32,786	3,199
23	Customer Service & Informational	35,215	31,495	3,720
24	Sales	449	505	(56)
25	Administrative & General	43,246	34,590	8,656
26	Total Operation	$667,945	$694,205	($26,260)
27	Maintenance Expenses	21,480	19,916	1,564
28	Total Operation & Maintenance	$689,425	$714,121	($24,696)
29	Depreciation and Amortization	73,053	61,813	11,240
30	Federal & State Income Taxes	7,378	20,203	(12,825)
31	Deferred Income Taxes	5,941	4,521	1,420
32	Investment Tax Credit Adjustment	0	(463)	463
33	Other Taxes	34,415	30,317	4,098
34	Total Operating Expenses	$810,212	$830,512	($20,300)
35	Operating Income Before AFUDC	40,971	51,958	(10,987)
36	Allow. for Funds Used During Construc.	0	0	0
37	Utility Operating Income	$40,971	$51,958	($10,987)

/1/ The Income Statement above reflects the income statement approved in Docket G008/GR-13-316

CenterPoint Energy
Statements of Operating Income
Comparison of Interim Rate Test Year and 2014 Actual
Minnesota Jurisdiction
($000s)

Line No.	Description	Interim Rate Test Year	Most Recent Actual Year 2014	Interim Over(Under) Actual
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$519,528	$734,584	($215,056)
4	Commercial & Industrial	226,130	336,401	(110,271)
5	Total Firm	$745,658	$1,070,985	($325,327)
6	Dual Fuel	75,042	169,570	(94,528)
7	Transportation	26,158	25,814	344
8	Other	1,108	(23,905)	25,013
9	Less: Franchise Fees	0	(19,159)	19,159
10	Total	$847,966	$1,223,305	($375,339)
11	Late Payment Charges	3,217	3,727	(510)
12	Other Operating Revenue	0	(95)	95
13	Total Operating Revenue	$851,183	$1,226,937	($375,754)
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$509,520	$852,930	($343,410)
17	Production	1,145	1,652	(507)
18	Other Gas Supply	806	41	765
19	Underground Storage	896	929	(33)
20	Other Storage	727	1,020	(293)
21	Distribution	39,956	38,414	1,542
22	Customer Accounts	35,985	35,563	422
23	Customer Service & Informational	35,215	38,387	(3,172)
24	Sales	449	404	45
25	Administrative & General	43,246	42,298	948
26	Total Operation	$667,945	$1,011,638	($343,693)
27	Maintenance Expenses	21,480	20,829	651
28	Total Operation & Maintenance	$689,425	$1,032,467	($343,042)
29	Depreciation and Amortization	73,053	61,312	11,741
30	Federal & State Income Taxes	7,378	(11,034)	18,412
31	Deferred Income Taxes	5,941	48,098	(42,157)
32	Investment Tax Credit Adjustment	0	(464)	464
33	Other Taxes	34,415	27,927	6,488
34	Total Operating Expenses	$810,212	$1,158,306	(348,094)
35	Operating Income Before AFUDC	40,971	68,631	(27,660)
36	Allow. for Funds Used During Construc.	0	0	0
37	Utility Operating Income	$40,971	$68,631	($27,660)

Schedule IR-4(c)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Statements of Operating Income
Comparison of Most Recent Actual Year 2014 and
Most Recent Approved General Rate Case
Minnesota Jurisdiction
($000s)

Line No.	Description	Most Recent Actual Year 2014	Most Recent Approved General Rate Case /1/	Actual Over(Under) Approved
1	Operating Revenue			
2	Sales of Gas			
3	Residential	$734,584	$529,057	$205,527
4	Commercial & Industrial	336,401	203,653	132,748
5	Total Firm	$1,070,985	$732,710	338,275
6	Dual Fuel	169,570	125,190	44,380
7	Transportation	25,814	20,435	5,379
8	Other	(23,905)	1,389	(25,294)
9	Less: Franchise Fees	(19,159)	0	(19,159)
10	Total	$1,223,305	$879,724	$343,581
11	Late Payment Charges	3,727	2,746	981
12	Other Operating Revenue	(95)	0	(95)
13	Total Operating Revenue	$1,226,937	$882,470	$344,467
14	Operating Expenses			
15	Operation and Maintenance			
16	Cost of Gas Purchases	$852,930	$560,412	$292,518
17	Production	1,652	866	786
18	Other Gas Supply	41	802	(761)
19	Underground Storage	929	870	59
20	Other Storage	1,020	634	386
21	Distribution	38,414	31,245	7,169
22	Customer Accounts	35,563	32,786	2,777
23	Customer Service & Informational	38,387	31,495	6,892
24	Sales	404	505	(101)
25	Administrative & General	42,298	34,590	7,708
26	Total Operation	$1,011,638	$694,205	$317,433
27	Maintenance Expenses	20,829	19,916	913
28	Total Operation & Maintenance	$1,032,467	$714,121	$318,346
29	Depreciation and Amortization	61,312	61,813	($501)
30	Federal & State Income Taxes	(11,034)	20,203	(31,237)
31	Deferred Income Taxes	48,098	4,521	43,577
32	Investment Tax Credit Adjustment	(464)	(463)	(1)
33	Other Taxes	27,927	30,317	(2,390)
34	Total Operating Expenses	$1,158,306	$830,512	327,794
35	Operating Income Before AFUDC	68,631	51,958	16,673
36	Allow. for Funds Used During Construc.		0	0
37	Utility Operating Income	$68,631	$51,958	$16,673

/1/ The Income Statement above reflects the income statement approved in Docket G008/GR-13-316

Schedule IR-4(d)(1)
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Statement of Operating Income
Explanation of Changes Between Periods

($000s)	Interim Test Year Over (Under) Most Recent Approved Test Year	Interim Test Year Over (Under) Actual 2014	Actual 2014 Over (Under) Most Recent Approved Test Year
Operating Revenue	($31,287)	($375,754)	$344,467
Cost of Gas	(50,892)	(343,410)	292,518
Margin	$19,605	($32,344)	$51,949
Other O&M	26,196	368	25,828
Depreciation & Amort.	11,240	11,741	(501)
Income Taxes	(10,942)	(23,281)	12,339
Other Taxes	4,098	6,488	(2,390)
AFUDC			
Net Operating Income	($10,987)	($27,660)	$16,673

CenterPoint Energy
Statement of Operating Income
Explanation of Changes Between Periods

Margin:

Interim TY Compared to Most Recent Approved TY	Increase $19.6
Interim TY Compared to Actual 2014	Decrease $32.3
2014 Actual Compared to the Most Recent Approved TY	Increase $51.9

Margin for the interim test year is more than the most recent approved test year primarily due to an increase in the number and average use per customer of residential and commercial/industrial customers.

Margin for the Interim Test Year is less than Actual 2014 primarily due to the cold weather in 2014 which resulted in higher usage, partially offset by customer growth.

Actual 2014 Margin was more than the most recent approved test year primarily due the cold weather in 2014 which resulted in higher usage.

O&M Expenses:

Interim TY Compared to Most Recent Approved TY	Increase $26.2
Interim TY Compared to Actual 2014	Increase $0.4
2014 Actual Compared to the Most Recent Approved TY	Increase $25.8

Other O&M expense for the Interim Test Year is greater than the Most Recent Approved Test Year primarily due to increases in distribution, general/administrative, customer service and customer accounting expenses.

Other O&M expense for the Interim Test Year is consistent with Actual 2014.

Actual 2014 other O&M expenses is greater than than the Most Recent Approved Test Year primarily due to increases in general/administrative, distribution, customer service and customer accounting expenses.

Depreciation:

Interim TY Compared to Most Recent Approved TY	Increase $11.2
Interim TY Compared to Actual 2014	Increase $11.7
2014 Actual Compared to the Most Recent Approved TY	Decrease $0.5

The depreciation rates used in the test year are the depreciation rates approved in the 2014 depreciation study (Docket No. G008/D-14-599) which are not significantly changed from the depreciation rates used in the 2013 rate case. As discussed in the Mr. Nesvig's testimony, the recent activity does not indicate a change to the current depreciation rates needed. The increase in depreciation expense is due to the increased investment to serve regulated customers. Please see the testimony of Mssrs. Centers and Nesvig along with the summary information provided in Schedule IR-3(d)(1) - IR-3(d)(3) for additional information.

CenterPoint Energy
Statement of Operating Income
Explanation of Changes between Periods

Other Taxes:

Interim TY Compared to Most Recent Approved TY	Increase $4.1
Interim TY Compared to Actual 2014	Increase $6.5
2014 Actual Compared to the Most Recent Approved TY	Decrease $2.4

Other Taxes have increased primarily due to increased property taxes.

Income Taxes:

Interim TY Compared to Most Recent Approved TY	Decrease $10.9
Interim TY Compared to Actual 2014	Decrease $23.3
2014 Actual Compared to the Most Recent Approved TY	Increase 12.3

The change in income taxes for all periods reflect the tax impact of all the preceding changes to margin and total operating expenses.

CenterPoint Energy
Revenue Deficiency Calculation
Minnesota Jurisdiction
($000s)

Line No.	Description	Schedule Reference	Interim Rate Test Year	Most Recent Actual Year 2014	Most Recent Approved General Rate Case
1	Average Net Rate Base	IR-3	$912,713	$719,736	$700,249
2	Operating Income	IR-4	$40,971	68,631	51,958 /1/
3	Rate of Return Required	IR-2/D-1	7.56%	7.86% /2/	7.42%
4	Required Operating Income (1 x 3)		$69,001	$56,571	$51,958
5	Operating Income Deficiency (4 - 2)		$28,030	($12,060)	0
6	Gross Revenue Conversion Factor	F-1	1.7056	1.7056	1.7056
7	Revenue Deficiency (5 x 6)		$47,808	($20,570)	$0

/1/ Represents net operating income before the approved revenue increase for the test year.
/2/ See Information Requirement Schedule A-1

Schedule IR-6
Information Requirement
Statement of Policy on
Interim Rates - April 14, 1982

CenterPoint Energy
Interim Rate Petition
Allocation of Interim Deficiency
($000s)

Line No.	Description	Test Year Billing Revenues Under Existing Rates /1/	Proposed Interim /2/	Proposed Interim Percentage Increases
1	Residential	$519,528	$29,329	5.65%
2	Commercial & Industrial	226,130	$12,766	5.65%
3	Dual Fuel & Transportation	101,200	$5,713	5.65%
4	Total	$846,858	$47,808 /3/	5.65%

/1/ See Schedule IR-1(d)
/2/ Allocated based on Column A.
/3/ See Schedule IR-1.

Interim Rates Testimony
Ms. Peggy Sorum

Before the Public Utilities Commission of
the State of Minnesota

In the Matter of the Application of
CenterPoint Energy Resources Corp., d/b/a
CenterPoint Energy Minnesota Gas
For Authority to Increase Rates for Natural Gas Utility
Service in Minnesota

Docket No. G-008/GR-15-424
Exhibit ___ (PJS-IR)

Interim Rates

August 3, 2015

INTERIM RATES
MS. PEGGY J. SORUM
Docket No. G-008/GR-15-424

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name, business address, and position with CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy").

A. My name is Peggy J. Sorum. I am the Manager of Regulatory Financial Activities for CenterPoint Energy at 505 Nicollet Mall, Minneapolis, Minnesota 55402.

II. INTERIM RATES – SUMMARY

Q. Is CenterPoint Energy proposing to collect interim rates in this case?

A. Yes. CenterPoint Energy is proposing that its interim rate schedules become effective with service rendered on and after October 2, 2015.

Q. Why is CenterPoint Energy proposing an effective date of October 2, 2015?

A. There are a number of reasons why October 2, 2015 is an appropriate effective date for interim rates. First, October 2, 2015 is 60 days after the date the case was filed and placing interim rates into effect 60 days after the initial filing would be consistent with Minn Stat. §216B.16 subd. 3 which states: "the commission shall order an interim rate schedule into effect no later than 60 days after the initial filing date." Second, October 2015 is the beginning of CenterPoint Energy's test year and having the test year and interim rates start at the same time will allow better matching of test year costs with interim rate recovery. Additionally, implementing at the beginning of a month will help customers and customer service representatives easily know when interim rates begin.

Q. What increase is CenterPoint Energy proposing during the interim rate period?

A. For the interim rate period, CenterPoint Energy is proposing to collect $47,808,000 from its customers, a 5.65% increase. Exhibit _____ (PJS-IR), Schedule 1 provides a summary of CenterPoint Energy's consolidated revenue requirements for interim rates. Exhibit (PJS-IR), Schedule 2 provides the calculation of the interim rates percentage increase. Exhibit ______ (PJS-IR), Schedule 3, pages 1 through 5, provides the detailed interim rate adjustments.

III. INTERIM RATES – CALCULATION

Q. Please explain how the interim rate percentage increase was calculated.

A. The total interim rate revenue deficiency of $47,808,000 was divided by the billing revenues, to determine the percentage increase of 5.65%[1].

The calculation of the interim rate increase uses billing revenues as its denominator while the final proposed rate increase is calculated using total operating revenues. The reasons for using different revenues to calculate the increase are as follows: the interim increase is actually applied to a customer's basic charge, delivery charge and Base Cost of Gas billing components. The increase is not applied to late payment charges and other revenues. Therefore, the interim rate calculation should not be based upon those revenue items.

The final proposed rate increase is the overall increase expressed as a percentage of total operating revenues because the proposed rate increase can

[1] See Exhibit _____ (PJS-IR), Schedule 2.

include changes to other items not specifically included in the tariffed billing rates, such as late charges.

Q. Is CenterPoint Energy proposing to calculate the interim rate increase on the Conservation Cost Recovery Adjustment (CCRA) Factor?

A. No, the CCRA is used to recover Conservation Improvement Program (CIP) costs that are not recovered in base rates and is set independent of a general rate case (See the testimony of Mr. Nesvig for additional information related CIP recovery).

Q Is CenterPoint Energy proposing to assess the same interim rate increase to all customers who are assessed interim rates?

A. CenterPoint Energy is proposing to assess the same interim rate increase to all customers who are assessed interim rates. Similar to what was approved in prior rate cases[2], we are not proposing to collect interim rates from customers who have negotiated a market-based rate with the Company pursuant to the "flexible tariff" authority under Minn. Stat. §216B.163. Instead, the company proposes to forego the interim rate revenue associated with those customers. For these customers subject to "effective competition", their rates are market-driven and the price has already been negotiated and agreed to with the customer (e.g., market rate sales service). These negotiations are generally based upon the rates of competitive fuels in the market place or utility "bypass" situations. The MPUC addressed this in the September 23, 2013 Order setting interim rates in the most recent case (Docket G008/GR-13-316):

[2] Dockets G008/GR-04-901, G008/GR-05-1380, G008/GR-08-1075 and G008/GR-13-316

> "This proposal is consistent with the interim rate orders in the Company's last three rate cases, and the Commission will approve it. It preserves the rate case statute's requirement that interim rates be calculated using existing rate design, as well as the flexible tariff statute's requirement that gas utilities be permitted to negotiate rates with large customers for whom the Company's service is subject to effective competition."

Q. What is the estimated impact of the Company's proposal to not collect interim rates from customers who have a negotiated market based rate?

A. As shown in Mr. Nesvig's workpapers (Exhibit ___ (KRN-WP), Vol.3, Schedule 62, Workpaper 2), the estimated revenue from the large volume market rate customers is a little less than $20 million. If the proposed interim rate increase of 5.65% were applied to that revenue, the result would be approximately $1.1 million.

IV. INTERIM RATES – BILLING

Q. How is CenterPoint Energy proposing to show the interim rate increase on its customers' bills?

A. The interim rate increase amount will be shown as a separate line item on the customer's bill. CenterPoint Energy proposes that the interim rate increase be applied to the following billing components on the customer's bill: Basic Charge, Delivery Charge and the Base Cost of Gas. The Late Payment Charge, Franchise Fee and Sales Tax are all calculated after the interim increase has been applied. The percentage increase would not be applied to the Purchased Gas Adjustment. The interim rate increase in CenterPoint Energy's most recent general rate case, Docket No. G-008/GR-13-316 (2013 case), was applied to the same billing components as being proposed here.

Q. Is the bill format[3] for the interim rate adjustment the same as the 2013 rate case?

A. Yes, the interim rate increase will be shown as a single line item that reflects the amount of the interim rate increase on customers' bills, which is what was approved in CenterPoint Energy's last rate case. The table below demonstrates how interim rates will be calculated and shown on the bill format.

Customer bill in detail

Illustrative Usage	76 therms	
Basic Charge	$9.50/month	$9.50
Delivery Charge	$0.19341/therm[4]	$14.64
GAP Charge	$0.00519/therm	$0.39
Cost of Gas	$0.42543/therm	$32.21
Subtotal		$56.74
Interim Rate Adjustment		$3.17[5]
Total Current Charges		$59.91

Q. How will the Revenue Decoupling (RD) Adjustment be calculated when interim rates are in place?

A. As discussed in the Company's October 14, 2014 compliance filing in the 2013 rate case which was accepted by the Commission on March 23, 2015, the implementation of interim rates in a new rate case requires modifications to the RD Rider adjustment calculations. Since the goal of decoupling is to sever the link between the volume of gas sold or transported and the amount of revenue collected, the implementation of interim rates requires modifications to the RD Rider model calculations in order to match billed revenue to authorized revenue.

[3] Please note that the standard bill form has changed since the 2013 rate case – see Docket No. G008/M-14-753, however the detail calculations have not changed.

[4] Reflects the approved volumetric delivery charge from the prior rate case and the CCRA that is currently in place.

[5] Interim Rate Adjustment of $3.17 = 5.65% interim rate adjustment applied to basic charge, delivery charge (excluding CCRA), GAP charge and base cost of gas.

As discussed in the Decoupling Compliance Filing, the authorized basic charge and volumetric (Delivery, CIP, and GAP) charges used in the model would include any authorized interim rate increase beginning with the first full month the interim rates are effective. Additionally, the billing determinants (customer count and sales/transport volumes) used to calculate authorized revenue in the RD Rider model will need to match the current rate case test-year billing determinants. If the rates and billing determinants used to calculate authorized revenue in the RD Rider model are not modified, then actual revenue would not reflect the new test year.

Q. Over what time period would the RD Rider adjustment calculations use the interim rates?

A. The RD Rider model would use the interim rates and updated billing determinants until the authorized final rates resulting from this rate case are implemented. At that time, the RD Rider model would be updated with the final rates and billing determinants for the months that the model used the interim rates to calculate the monthly over/under-collection.

Q. If final rates in the instant case are implemented after the end of the first RD Rider Evaluation Period on June 30, 2016, would a final RD Rider true-up adjustment be required when final rates are implemented?

A. Yes. If a decoupling adjustment has been implemented based on an over/under-collection using the interim rates and billing determinants, then the difference between the final over/under-collection and the interim rates over/under-collection would be used to adjust the decoupling adjustment then in effect to return to or collect from customers the final true-up amount over the remaining months of the surcharge/refund period.

V. INTERIM ADJUSTMENTS

Q. Does the interim rate petition reflect "the proposed test year cost of capital, rate base, and expenses, except that it includes: (1) a rate of return on common equity for the utility equal to that authorized by the Commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the Commission in the utility's most recent rate proceeding;…" as required by Minn. Stat. §216B.16(3)?

A. Yes.

Q. What rate of return on common equity is CenterPoint Energy using to calculate the interim increase?

A. CenterPoint Energy is using the 9.59% rate of return on common equity that was approved by the Commission in CenterPoint Energy's 2013 rate case.

Q. Has CenterPoint Energy used the "same in nature and kind" principle for all items as approved in CenterPoint Energy's last general rate case?

A. Yes. CenterPoint Energy has prepared its interim rate request to reflect the rate base and expense items that are the same in nature and kind as those allowed in CenterPoint Energy's 2013 rate case.

Q. What rate base and expense items were specifically disallowed in determining rates in CenterPoint Energy's previous general rate case and, therefore, have been removed in this filing for the calculation of interim rates?

A. Certain items were specifically disallowed in determining rates in CenterPoint Energy's 2013 rate case and have been removed from interim rates here. Exhibit ______ (PJS-IR), Schedule 3, pages 1 through 5, detail the rate base and expense adjustments for interim rates reflecting these items:

- A certain portion of non-qualified pension expenses
- A certain portion of corporate investor relations expenses
- A certain portion of expenses associated with the company's long-term and short-term incentive plans

Q. Did you make any adjustments to the interim rate calculation to reflect expense items in CenterPoint Energy's last rate case that were approved by the Commission at a higher or lower dollar amount than what had been requested in that case?

A. No. The statute specifically states that the interim rate calculation should include rate base and expense items the same in nature and kind. This means the same type of rate base or expense items. It does not provide that the Commission should set the interim rates at the same dollar levels approved in the most recent order. In fact, the statute provides just the opposite: that the <u>proposed</u> test year rate base and expense will be used for the same type of items previously allowed. Exhibit _____ (PJS-IR), Schedule 4 identifies the items that were disallowed in 2013 final rates and how each has been treated in this petition.

Q. Did you make any other adjustments to the calculation of interim rates?

A. Yes. The above adjustments were incorporated into the Lead-Lag study and an adjustment was made to Other Cash Working Capital. Exhibit ___ (PJS-IR), Schedule 3, page 5 details this adjustment.

VI. METHODS AND PROCEDURES FOR REFUNDING

Q. Has CenterPoint Energy agreed to refund any amounts collected under interim rates that are greater than the final rates determined by the Commission in this rate case?

A. Yes, as discussed in the Agreement and Undertaking included in the rate case petition, Pursuant to Minn. Stat. § 216B.16, subd. 3, CenterPoint Energy agrees to make appropriate refunds if required. The Agreement and Undertaking is executed by Joseph J. Vortherms, Division Vice President of the Minnesota operations.

Q. What interest rate would be used in the case of interim rate refunds?

A. Minnesota Rule 7825.3300 establishes the interest rate that would be applied to any interim rate refund. The rule states in part:

> "Any increase in rates or part thereof determined by the commission to be unreasonable shall be refunded to customers or credited to customers' accounts within 90 days from the effective date of the commission order and determined in a manner prescribed by the commission including interest at the average prime interest rate computed from the effective date of the proposed rates through the date of refund or credit."

As such, CenterPoint Energy proposes to use the average prime interest rate in the event interim rate refunds are required.

Q. Does this complete your testimony on interim rates?

A. Yes, it does.

CenterPoint Energy,
A division of CenterPoint Energy Resources Corp.

Docket No. G-008/GR-15-424
Exhibit________(PJS-IR)
Schedule 1

CenterPoint Energy
Summary of Revenue Requirements - Interim Rates
Interim - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description (a)	Interim Test Year Using Existing Rates (b)		Proposed Interim Increase (c)	Test Year Using Proposed Interim Rates (d)
1	Average Net Rate Base	912,713	/1/		$912,713
2	Operating Revenue	851,183	/2/	$47,808	$898,991
3	Operating Expense	810,212	/2/	$19,778	$829,990
4	Operating Income	40,971	/2/	$28,030	$69,001
5	Overall Rate of Return (Line 4/Line 1)	4.49%			7.56%
6	Rate of Return Required	7.56%	/3/		7.56%
7	Required Operating Income (Line 1 x Line 6)	69,001			$69,001
8	Operating Income Deficiency (Line 7-Line 4)	28,030			$0
9	Gross Revenue Conversion Factor	1.7056	/4/		1.7056
10	Revenue Deficiency (Line 8 x Line 9)	47,808			$0

/1/ See Exhibit______(PJS-IR), Schedule 5, Page 1 of 2, Col (h), Line 39.
/2/ See Exhibit______(PJS-IR), Schedule 5, Page 2 of 2, Col (h), Lines 13, 34 and 37.
/3/ See Schedule IR-2, line 4
/4/ See Information Requirement Schedule F-1.

CenterPoint Energy
Interim Year Billing Revenues
Interim - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description (a)	Total Test Year Revenues (b)	Interim Year Billing Revenues (c)
1	Residential	$519,528	$519,528
2	Commercial & Industrial	226,130	226,130
3	Dual Fuel & Transportation	101,200	101,200
4	Total	$846,858	$846,858
5	Interim Rate Revenue Deficiency		$47,808
6	Interim Revenue Increase as a %		5.65%
	(Line 5/Line 4)		

CenterPoint Energy
Interim Rate Adjustments
Interim - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description (a)		Expense Adjustment (b)	Rate Base Adjustment (d)	Revenue Requirement Adjustment (e) /1/
1	Test Year			$912,820,000	$54,106,000
2	Non-Qualified Pension Expense	/2/	(35,000)	(12,000)	(36,000)
3	Corporate Investor Relations remove 50% of Invest. Rel. Expense	/3/	(80,000)		(80,000)
4	LTIP & Incentive Comp >25%	/4/	(253,000)		(253,000)
5	Lead/Lag Impact of Interim Adjustments	/5/		(95,000)	(11,000)
6	Revised ROR @ 9.59% ROE	/6/			(5,918,000)
7	Total Adjustments		$(368,000)	$(107,000)	$(6,298,000)
8	Total Interim Test Year			$912,713,000	$47,808,000

/1/ Factor to calculate the revenue requirement impact of a rate base change:
(ROR-(Wtd Cost of Debt*Tax)) / (1-Tax)
(7.56%-(2.44%*.4137)) / (1-.4137) = 11.17%
/2/ See Exhibit______(PJS-IR), Schedule 3, page 2 of 5.
/3/ See Exhibit______(PJS-IR), Schedule 3, page 3 of 5.
/4/ See Exhibit______(PJS-IR), Schedule 3, page 4 of 5.
/5/ See Exhibit______(PJS-IR), Schedule 3, page 5 of 5.
/6/ (912,712,000 X (7.94% - 7.56%) X 1.7056)

For percentages, see Information Requirement Schedule D-1 and Schedule IR-1.

CenterPoint Energy
Non-Qualified Pension Expense - Interim Rate Adjustment
Interim - Twelve Months Ending September 30, 2016

Line No.	Description (a)	Amount (b)		(c)	Portion (d)		Amount Removed (e)
	Non-Qualified Pension						
	Total Test Year amount	75,250	/1/	FERC 9260	46.3%	**/2/**	34,841
				Capitalized	16.1%	**/2/**	12,115
				Non-Reg	37.6%	**/2/**	28,294
							75,250

/1/ See Exhibit___(KRN-WP), Sch. 19 WP 13
/2/ See Exhibit___(KRN-WP), Sch. 19 WP 12

CenterPoint Energy
Corporate Investor Relations - Interim Rates Adjustments
Interim - Twelve Months Ending September 30, 2016

Line No.	Description (a)	Amount (b)	Amount Removed for Interim Rates (c)
1	Base Year amount /1/	$191,571	
2	Inflation	6.34%	
3	Test Year amount	$12,146	
4	Subtotal	$203,717	
5	Remove 50% from interim rates	$101,858	
6	Utility portion	78.74%	
7	Utility portion removed from interim rates FERC 9304		$(80,203)

/1/ see Exhibit___(KRN-WP), Vol. 3, Sch. 57 workpapers - cost centers 125205 + 157735

KRN -WP Sch 57 WP 4b pg 8	125205	$187,477
KRN -WP Sch 57 WP 4b pg 25	157735	$4,094
		$191,571

CenterPoint Energy
Officers' Long Term Incentive Removed - Interim Rates Adjustments
Interim - Twelve Months Ending September 30, 2016

Line No.	Description (a)	Amount in Test Year (b)	Amount Removed for Interim Rates (c)
1	Test Year Officer LTIP Expense	241,945	241,945
2	Test Year Incentive Comp >25%	11,310	11,310
3	Total Expense	$253,255	$253,255

/1/	See (Exhibit___(KRN-D), Vol. 1 Sch. 21			
	WP 9 pg 2 cost element 518164	$226,627	78.7%	$178,355
	WP 9 pg 3 element 518165	$80,800	78.7%	$63,590
		$307,427		$241,945

/2/	Test Year STI above 25% of base pay:		
		Total	Regulated
	STI @ 30%	$113,790	
	STI@25%	$94,825	
	Difference	$18,965	
	inflation	5.32%	
		19,974	$11,310

CenterPoint Energy
Lead/Lag Impact of Interim Rate Adjustments
Interim - Twelve Months Ending September 30, 2016

Line No.	Interim Rate Adjustment (a)	Impact on Lead/Lag Dollars (b)	Expense per Day (c)	Net days (d)	Net Lead Lag Dollars (e)
1	**Other Op. and Maint. Exp.**				
2	Non-Qualified Pension Expense	(35,000)	(96)	(133.5)	$12,801
3	Corporate Investor Relations	(80,000)	(219)	15.9	$(3,485)
	LTIP & Incentive Comp >25%	(253,000)	(693)	15.9	$(11,021)
4					
5					
6	**Taxes:**				
7	Current Fed. Inc.	(1,871,000) /1/	(5,126)	12.0	$(61,512)
8	Current State Inc.	(581,000) /1/	(1,592)	19.7	$(31,358)
9	**Total**				$(95,000)

10 /1/ Total change in income taxes = 151,000 (rounded) calculated as follows:

Line		As Filed (a)	Interim Rate Adj. (b)	Net Change (c)
14	Net Operating Income - before taxes, filing	53,921,639	54,289,639	368,000
15	Rate Base	912,820,000	912,713,000	
16	Cost of Interest	2.44%	2.44%	
17	Interest Expense	22,272,808	22,270,197	
18	Net Add's and Deducts (Sched C-3a)	(14,192,286)	(14,192,286)	
19	Taxable Income before State Taxes	17,456,545	17,827,156	370,611
20	less MN Inc. Tax	(1,715,741)	(1,752,061)	
21	Fed Taxable Inc	15,740,804	16,075,095	
22	Current Federal Inc. Tax @ 35.00%	5,509,281	5,626,283	
23	Minnesota Inc. Tax current:			
24	Mn Taxable Income	17,456,545	17,827,156	
25	Computed MN Income Tax @ 9.80%	1,710,741	1,747,061	
26	Minnesota Minimum Fee	5,000	5,000	
27	Total Mn Income Tax	1,715,741	1,752,061	36,320
28	Federal Inc. Tax @ 35%	5,509,281	5,626,283	117,002
29	Deficiency	54,106,000	47,808,000	
30	less MN Inc. Tax	(5,302,388)	(4,685,184)	
31	Fed Taxable Inc	48,803,612	43,122,816	
32	Current Federal Inc. Tax @ 35.00%	17,081,264	15,092,986	
33	Minnesota Inc. Tax current:			
34	Mn Taxable Income	54,106,000	47,808,000	
35	Computed MN Income Tax @ 9.80%	5,302,388	4,685,184	
36	Federal Inc. Tax @ 35%	17,081,264	15,092,986	
37	Federal			
38	before Filing - line 28 above	5,509,281	5,626,283	117,002
39	deficiency - line 32 above	17,081,264	15,092,986	(1,988,278)
40	Total Federal	22,590,545	20,719,269	(1,871,276) /1/
41	State			
42	before Filing - line 25 above	1,715,741	1,752,061	36,320
43	deficiency - line 35 above	5,302,388	4,685,184	(617,204)
44	Total State	7,018,129	6,437,245	(580,884) /1/

CenterPoint Energy
Interim Rate Treatment of Items Disallowed in Prior Rate Case
Interim - Twelve Months Ending September 30, 2016

Line No.	Description (a)	Interim Rate Treatment in G-008/GR-13-316 (b)
	Sales Forecast Curtailments Adjustment (B)	
	Test year forecast based on DOC curtailment forecast	No adjustment necessary - TY reflects forecast for TY ending 9/30/16
	Late Payment Factor (C)	
	Test Year late payment fees based on revised late payment factor, calculated on approved firm revenue increase	No adjustment necessary - TY reflects test year activity
	Bad Debt Factor (D)	
	Test Year bad debt expense based on bad debt factor, calculated on approved firm revenue increase	No adjustment necessary - TY reflects test year activity
	Fleet Fuel (E)	
	Test Year fleet fuel expenses reflect updated gasoline cost assumption	No adjustment necessary - TY reflects test year activity
	Odorant Cost (F)	
	Test Year odorant costs based on updated cost information	No adjustment necessary - TY reflects test year activity
	Misc Travel Ent & Employee Expenses (G)	
	Test Year Expenses reduced by ~$750,000 as agreed to by the Company and the OAG	No adjustment necessary - TY reflects recoverable expenses as test year activity
	Property Taxes (H)	
	Test Year Property Tax expense based on updated information	No adjustment necessary - TY reflects test year activity
	Cost of Gas Adjustment (I)	
	Test year commodity cost of gas calculated using updated cost of gas assumptions	No adjustment necessary - TY cost of gas reflects forecast for TY ending 9/30/16
	LNG Sales (J)	
	Test Year LNG Revenue equal to base year amount	No adjustment necessary - TY reflects test year activity
	Pension Expense (K)	
	Test Year pension expenses based on discount rate of 5.35% and long term rate of return of 7.25%	No adjustment necessary - TY reflects test year activity
	Non-Qualified Pension Expense (L)	
	Non-Qualified pension expense disallowed	See Exhibit______(PJS-IR), Schedule 3, page 2 of 5.
	Non-Qualified Savings Plan Expense (M)	
	Non-Qualified Savings Plan expense disallowerd	No adjustment necessary - already removed from Test Year - see See (Exhibit___(KRN-D), Vol. 1 Sch. 19 WP 12 and WP 13.

CenterPoint Energy
Interim Rate Treatment of Items Disallowed in Prior Rate Case
Interim - Twelve Months Ending September 30, 2016

Line No.	Description (a)	Interim Rate Treatment in G-008/GR-13-316 (b)
	LTIP (N)	
	LTIP expenses a disallowed from test year	See Exhibit______(PJS-IR), Schedule 3, page 4 of 5.
	Incentive Compensation (O)	
	Incentive Compensation that exceeds 25% of base pay disallowed from test year	See Exhibit______(PJS-IR), Schedule 3, page 4 of 5.
	Corporate Investor Relations (P)	
	50% of Corporate Investor Relations Expenses disallowed	See Exhibit______(PJS-IR), Schedule 3, page 3 of 5.
	Current Rate Case Expense (Q)	
	Proposed rate case expense related to Intervenor Compensation disallowed	No adjustment necessary - TY reflects test year activity
	Reconnect Charges (R)	
	Increase Other Income to reflect higher reconnect charge rate	No adjustment necessary - TY other income include Recconect Charges at current and proposed rate

Please note: the designation in parenthesis refer to the columns on the 'Rate Base Adjustments' and 'Operating Income Adjustments' pages in the Revenue Requirements section of the Company's 9/8/2014 Compliance filing in Docket G008/GR-13-316

CenterPoint Energy
Average Rate Base
Interim - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description (a)	Total Utility /1/ (b)	Interim Adjustments: Non-Qualified Pension /2/ (c)	Corporate Investor Relations /3/ (d)	LTIP & STI >25% base /4/ (e)	(f)	Lead-Lag Impact /5/ (g)	Interim Rate Base (h)
1	Utility Plant in Service:							
2	Intangible	$929						$929
3	Production	21,253						21,253
4	Underground Storage	22,812						22,812
5	Other Storage	17,005						17,005
6	Distribution	1,668,884	(12)					1,668,872
7	General	215,789						215,789
8	Total Utility Plant in Service	$1,946,672	$(12)	-	-	-	-	$1,946,660
9	Accumulated Reserve:							
10	Intangible	$368						$368
11	Production	19,003						19,003
12	Underground Storage	20,811						20,811
13	Other Storage	17,664						17,664
14	Distribution	721,107						721,107
15	General	111,738						111,738
16	Total Accumulated Reserve	$890,691	-	-	-	-	-	$890,691
17	Net Utility Plant in Service:							
18	Intangible	$561	-	-	-	-	-	$561
19	Production	2,250	-	-	-	-	-	2,250
20	Underground Storage	2,001	-	-	-	-	-	2,001
21	Other Storage	(659)	-	-	-	-	-	(659)
22	Distribution	947,777	(12)	-	-	-	-	947,765
23	General	104,051	-	-	-	-	-	104,051
24	Total Net Utility Plant in Service	$1,055,981	$(12)	-	-	-	-	$1,055,969
25	Construction Work in Progress	$0						-
26	Net Acquisition Adjustment	0						-
27	Gas Stored Underground-Noncurrent	177						177
28	Customer Advances for Construction	(214)						(214)
29	Accumulated Deferred Income Taxes	(186,749)						(186,749)
30	Working Capital:							-
31	Materials and Supplies	$11,286						$11,286
32	Gas Stored Underground-Current	36,026						36,026
33	Liquefied Natural Gas Stored	1,660						1,660
34	Liquefied Petroleum (Propane) Gas	5,919						5,919
35	Prepayments	1,259						1,259
36	Other Rate Base Debits & Credits	(13,724)						(13,724)
37	Other Cash Working Capital	1,199					(95)	1,104
38	Total Working Capital	$43,625	-	-	-	-	$(95)	$43,530
39	Average Net Rate Base	$912,820	$(12)	-	-	-	$(95)	$912,713

/1/ See Information Requirement Schedule B-2(a)
/2/ See Exhibit ____ (PJS-IR) Schedule 3 page 2 of 5
/3/ See Exhibit ____ (PJS-IR) Schedule 3 page 3 of 5
/4/ See Exhibit ____ (PJS-IR) Schedule 3 page 4 of 5

CenterPoint Energy
Statements of Operating Income
Interim - Twelve Months Ending September 30, 2016
($000s)

Line No.	Description	Total Utility /1/ (b)	Non-Qualified Pension /2/ (c)	Corporate Investor Relations /3/ (d)	LTIP & STI >25% base /4/ (e)	(f)	Income Taxes /5/ (g)	Interim Income Statement (h)
1	Operating Revenue							
2	Sales of Gas							
3	Residential	$519,528						$519,528
4	Commercial & Industrial	226,130						226,130
5	Total Firm	$745,658	$0	$0	$0	$0	$0	$745,658
6	Dual Fuel	75,042						75,042
7	Transportation	26,158						26,158
8	Other	1,108						1,108
9	Less: Franchise Fees							0
10	Total	$847,966	$0	$0	$0	$0	$0	$847,966
11	Late Payment Charges	3,217						3,217
12	Other Operating Revenue	0						0
13	Total Operating Revenue	$851,183	$0	$0	$0	$0	$0	$851,183
14	Operating Expenses							
15	Operation and Maintenance							
16	Cost of Gas Purchases	$509,520						$509,520
17	Production	1,145						1,145
18	Other Gas Supply	806						806
19	Underground Storage	896						896
20	Other Storage	727						727
21	Distribution & Utilization	39,956						39,956
22	Customer Accounts	35,985						35,985
23	Customer Service & Informational	35,215						35,215
24	Sales	449						449
25	Administrative & General	43,614	(35)	(80)	(253)			43,246
26	Total Operation	$668,313	($35)	($80)	($253)	$0	$0	$667,945
27	Maintenance	21,480						21,480
28	Total Operation & Maintenance	$689,793	($35)	($80)	($253)	$0	$0	$689,425
29	Depreciation and Amortization	73,053	0					73,053
30	Federal & State Income Taxes	7,225					153	7,378
31	Deferred Income Taxes	5,941						5,941
32	Investment Tax Credit Adjustment	0						0
33	Other Taxes	34,415						34,415
34	Total Operating Expenses	$810,427	($35)	($80)	($253)	$0	$153	$810,212
35	Operating Income Before AFUDC	40,756	35	80	253	0	(153)	40,971
36	Allowance for Funds Used During Construction	-						0
37	Total Utility Operating Income	$40,756	$35	$80	$253	$0	($153)	$40,971

/1/ See Information Requirement Schedule C-2(a)
/2/ See Exhibit ____ (PJS-IR) Schedule 3 page 2 of 5
/3/ See Exhibit ____ (PJS-IR) Schedule 3 page 3 of 5
/4/ See Exhibit ____ (PJS-IR) Schedule 3 page 4 of 5
/5/ See Schedule IR-1(C)

Interim Tariffs

CenterPoint Energy

INTERIM TARIFFS G008/GR-15-424

RATE SCHEDULES AND APPLICABLE PROVISIONS
SUMMARY OF TARIFF PAGE CHANGES

Section V.

*Note – Same page filed in Docket G-008/M-15-421.

**Note – CNP updated references to “Automatic Bank Draft” and “Budget Billing” to “AutoPay” and “Average Monthly Billing” respectively – changes authorized in Docket No. G-008/M-14-753.

RESIDENTIAL SALES SERVICE

Availability:

Residential Sales Service is available upon request to Residential Firm customers contingent on an adequate gas supply and distribution system capacity.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
$9.50	$0.18458	$0.~~47740~~42543

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge of $9.50 will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider, Section V, Page 27.

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

SMALL VOLUME COMMERCIAL AND INDUSTRIAL SALES SERVICE

Availability:

Small Volume Commercial and Industrial Sales Service is available to Commercial and Industrial firm customers whose peak day requirements are less than 2000 therms contingent on an adequate gas supply and distribution system capacity.

Customers whose daily requirements exceed 500 therms and have annual usage greater than or equal to 5000 therms that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 1500 Therms	$15.00	$0.14129	$0.~~47873~~42665
Equal to or greater than 1500 Therms and less than 5000 Therms	$21.00	$0.13329	$0.~~47873~~42665
Greater than or equal to 5000 Therms	$43.00	$0.13969	$0.~~47498~~42334

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge applicable as listed above will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Conservation Enabling Rider:

All customer bills under this rate are subject to the Conservation Enabling Rider, Section V, Page 27.

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

LARGE GENERAL FIRM SALES SERVICE

Availability:

Large General Firm Sales Service is available to Commercial and Industrial firm customers whose peak day requirements are greater than or equal to 2000 therms, contingent on an adequate gas supply and distribution system capacity. Customers must provide telemetering or agree to have telemetering installed at the customer's expense.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

	MONTHLY BASIC CHARGE	DELIVERY CHARGE	COST OF GAS
	$ 800.00		
Demand charge (of billing demand)		$0.42539	$0.~~53259~~56095
Commodity charge (per therm)		$0.05034	$0.~~38805~~34184

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge plus the Monthly Demand Charge will apply.

Billing Demand:

The demand in therms for billing purposes shall be the customer's highest daily usage during the preceding calendar year.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

SMALL VOLUME DUAL FUEL SALES SERVICE

Availability:

Small Volume Dual Fuel Sales Service is available to commercial and industrial customers on an interruptible basis with requirements of 25 Therms an hour or more and peak day requirements are less than 2,000 Therms.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 120,000 Therms	$ 50.00	$0.11409	$0.~~40974~~36059
Greater than or equal to 120,000 Therms	$ 80.00	$0.10697	$0.~~40974~~36059

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.

2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

   a) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

   b) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

SMALL VOLUME DUAL FUEL SALES SERVICE (CONTINUED)

Special Conditions (continued):

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

3) Customers who purchase gas for use in their own compressor facilities for compressed natural gas motor fuel must have a dual fuel burning capability for fleet vehicles using compressed natural gas, and must have the ability to curtail the use of gas for this purpose on one (1) hour's notice when required to do so by CenterPoint Energy.

4) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rate is subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling (RD) Rider:

All customers under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customers must sign a separate contract for Small Volume Dual Fuel Sales Service to each delivery point, with a minimum contract term of one (1) year.

SMALL VOLUME FIRM / INTERRUPTIBLE SALES SERVICE

Availability

Small Volume Firm / Interruptible Sales Service is available to commercial and industrial customers with requirements of 25 Therms an hour or more and peak day requirements less than 2,000 Therms, contingent on an adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes, supplemented by interruptible volumes.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 120,000 Therms	$50.00		
Firm Volumes		$0.13969	$0.~~47498~~42334
Interruptible Volumes		$0.11409	$0.~~40974~~36059
Greater than or equal to 120,000 Therms	$ 80.00		
Firm Volumes		$0.13969	$0.~~47498~~42334
Interruptible Volumes		$0.10697	$0.~~40974~~36059

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions Firm Volumes:

1) Customer will elect a base level of daily firm service on or before September 1 of each year. This base level becomes effective with the subsequent November billing month and remains in effect for one year. The minimum base level of daily firm service will be 25 therms.

The first volumes through the meter, on a daily basis, are firm volumes until the base level of firm is reached. All volumes used after the base level is reached are interruptible volumes.

Special Conditions Interruptible Volumes:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.

2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

   a. For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

   b. For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

      i. For purposes of this provision, the gas year is the twelve-month period beginning November 1 each year.

   c. Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Special Conditions Firm and Interruptible

Customer must install telemetry equipment. Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider

The above rate is subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Page 28.

Contract

Customers must sign a separate contract for Small Volume Firm/Interruptible Sales Service to each delivery point, with a minimum contract term of one (1) year.

LARGE VOLUME DUAL FUEL SALES SERVICE

Availability:

Large Volume Dual Fuel Sales Service is available, on an interruptible basis, to commercial and industrial customers whose peak day requirements exceed 1,999 Therms, contingent on an adequate gas supply and distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
$800.00	$0.05034	$0.~~3880~~534184

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.

2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

   a. For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

   b. For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is

the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

LARGE VOLUME DUAL FUEL SALES SERVICE (CONTINUED)

Special Conditions (continued):

3) Customers who purchase gas for use in their own compressor facilities for compressed natural gas motor fuel must have a dual fuel burning capability for fleet vehicles using compressed natural gas, and must have the ability to curtail the use of gas for this purpose on one (1) hour's notice when required to do so by CenterPoint Energy.

4) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customers must sign a separate contract for Large Volume Dual Fuel Sales Service to each delivery point, with a minimum contract term of one (1) year.

MARKET RATE SERVICE RIDER

AVAILABILITY:

Available to any customer who either receives interruptible service or whose daily requirements exceed 500 Therms and maintains or plans on acquiring the capability to switch to alternate energy supplies or service, except indigenous biomass energy supplies, at comparable prices from a supplier not regulated by the Commission. Such customer is deemed to be subject to "effective competition."

Rate:

			Delivery Charge (Per Therm)	
		Basic Charge	Minimum	Maximum
Small Volume C/I Sales Service Annual usage greater or equal to 5,000 therms		$43.00	$0.00500	$0.27438
Small Volume C/I Transportation Serv. Annual usage greater or equal to 5,000 therms		$143.00	$0.00500	$0.27438
Large General Firm Sales Service		$800.00		
	Demand (1)		$0.0000	$0.85078
	Commodity		$0.00500	$0.09568
Large General Firm Transportation Serv.		$900.00		
	Demand (1)		$0.0000	$0.85078
	Commodity		$0.00500	$0.09568
Small Vol. Dual Fuel Sales Service Annual usage less than 120,000 therms		$50.00	$0.00500	$0.22318
Annual usage greater than or equal to 120,000 therms		$80.00	$0.00500	$0.20894
Small Vol. Dual Fuel Transportation Serv. Annual usage less than 120,000 therms		$160.00	$0.00500	$0.22318
Annual usage greater than or equal to 120,000 therms		$190.00	$0.00500	$0.20894
Large Vol. Dual Fuel Sales Service		$800.00	$0.00500	$0.09568
Large Vol. Dual Fuel Transportation Serv.		$900.00	$0.00500	$0.09568

(1) Per therm of Billing Demand

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Cost of Gas as listed on the applicable Sales or Transportation Service tariff.

Special Conditions:

1) Any customer receiving service under this Rider must accept all gas service according to the terms and conditions contained herein and under the applicable Sales or Transportation Service tariff. This Rider supersedes the tariff only where the two are in conflict; in all other cases, the terms of the tariff shall apply.

2) Any customer changing from this Rider to the applicable Sales or Transportation Service tariff must notify CenterPoint Energy in writing (facsimile acceptable) of the proposed change at least thirty (30) days in advance.

3) CenterPoint Energy will notify customers a minimum of two (2) days (or less if agreed to by both parties) in advance of implementation of a change in negotiated rates.

4) In the event a customer receives service from CenterPoint Energy during a period for which there is no explicit price agreement, for any gas received the customer will pay the maximum delivery charge as described above, plus the applicable basic charge and cost of gas.

5) Customers must enter into this service for a minimum of one (1) year.

Minimum and Maximum delivery charge (per Therm) rates do not include applicable Conservation Cost Recovery Charge (CCRC). Conservation Cost Recovery Adjustment (CCRA), or Gas Affordability Program (GAP) charges.

CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER

Applicability:

Applicable to bills for gas and/or transportation service provided under the Company's retail rate schedules.

Exemptions are as follows:

"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program (CIP) charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's CIP charges pursuant to Minn. Stat. 216B.241, subd. 1a (b) shall receive a monthly exemption from CIP charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from the conservation program charges, the "Large Customer Facility" customers can no longer participate in CenterPoint Energy's Energy Conservation Improvement Program.

Minnesota Stat. 216B.241, subd. 1a(c) which allows exemption of certain commercial gas customers does not apply to CenterPoint Energy because the Company's customer count exceeds the 600,000 level set in statute.

Rate:

BASE CHARGE PER THERM (CCRC)	ADJUSTMENT (CCRA)
$0.0~~1849~~01950	$0.00883

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Rider:

A Conservation Improvement Program Adjustment which shall be included on each non-exempt customer's monthly bill. The applicable factor shall be multiplied by the customer's monthly billing in Therms for gas service before any adjustments, surcharges or sales tax.

Determination of Conservation Cost Recovery Charge (CCRC or Base Charge per Therm):

The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the Minnesota Public Utilities Commission in the Company's last general rate case. The CCRC is approved and applied on a per therm basis by dividing test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes). All revenue received from the CCRC shall be credited to the CIP tracker account.

SMALL VOLUME FIRM TRANSPORTATION SERVICE

Availability:

Available to any firm customer whose peak day requirements are less than 2000 therms for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS DEMAND CHARGE
Less than 1500 Therms	$115.00	$0.14129	$0.~~07692~~07646
Equal to or greater than 1500 Therms and less than 5000 Therms	$121.00	$0.13329	$0.~~07692~~07646
Greater than or equal to 5000 Therms	$143.00	$0.13969	$0.~~07692~~07646

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Special Conditions:

1) Customer will provide CenterPoint Energy's Transportation Services Department in writing (or by electronic communication) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
2) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
3) If customer is an existing customer, taking services under the firm sales service tariff, The customer is responsible for stranded Cost of Gas Demand Charge shown above. However, CenterPoint Energy would forego the Cost of Gas Demand Charge as set forth above, provided that CenterPoint Energy can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SMALL VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

Failure of Transportation Supply:

If a customer or a customer's supplier notifies CenterPoint Energy that it will be unable to deliver volumes to CenterPoint Energy's Town Border Station sufficient to meet daily consumption, CenterPoint Energy will use reasonable efforts to make gas available to the customer. Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If CenterPoint Energy is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or to incur the penalty associated with the unauthorized use of gas.

Penalty for Unauthorized gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

LARGE VOLUME FIRM TRANSPORTATION SERVICE

Availability:

Available to any firm customer whose peak day requirements are greater than or equal to 2000 therms for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise.

Rate:

Monthly Basic Charge $900.00

	DELIVERY CHARGE	COST OF GAS
Demand charge (of billing demand)	$0.42539	$0.~~53259~~56095
Commodity charge (per therm)	$0.05034	

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Special Conditions:

1) Customer will provide CenterPoint Energy's Transportation Services Department in writing (or by electronic communication) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.2) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.

3)If customer is an existing customer taking service under the firm sales service tariff, customer is responsible for the stranded Cost of Gas Demand Charge shown above. However, , CenterPoint Energy would forego the gas-related portion of the demand charge per therm as set forth on the tariff, provided that CenterPoint Energy can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the basic monthly charge applicable as listed above plus the Monthly Demand Charge will apply.

Billing Demand:

The demand in therms for billing purposes shall be the customers' highest daily usage during the preceding calendar year.

Nomination:

Customer requesting volumes to flow on the first day of any month must directly advise CenterPoint Energy's Transportation Services Department in writing (by facsimile or email), by 9:00 a.m. central standard time, five (5) working days prior to the end of the preceding month, of the initial daily volumes to be delivered on its behalf from the Town Border Station to the customer's premise.

LARGE VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

Failure of Transportation Supply:

Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If CenterPoint Energy is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or to incur the penalty associated with the unauthorized use of gas.

Penalty for Unauthorized gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, pages 25-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customer must sign a separate contract for Transportation Service to each delivery point. The minimum contract for Firm Transportation Service is one (1) year.

Customer must advise CenterPoint Energy six (6) months in advance, in writing, when it wishes to cancel a contract for Firm Transportation Service.

Customer is obligated to provide a copy of all contracts used to procure and deliver natural gas to CenterPoint Energy's Town Border Station(s). Such contracts must be with suppliers who can demonstrate actual firm gas supplies under contract. Customer is not required to provide price information.

SMALL VOLUME DUAL FUEL TRANSPORTATION SERVICE

Availability:

Available to any customer whose peak day requirements are less than 2,000 Therms on an interruptible basis for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise. Delivery is contingent on adequate distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) may be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM
Less than 120,000 Therms	$150.00	$0.11409
Equal to or greater than 120,000 Therms	$180.00	$0.10697

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Special Conditions:

1) Customer must have arranged for the purchase of gas other than CenterPoint Energy's pipeline supply for its delivery to a CenterPoint Energy Town Border Station(s).
2) Customer will provide CenterPoint Energy's Transportation Services Department in writing (by facsimile) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
3) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
4) Customer must have and maintain adequate standby facilities and have available sufficient fuel supply to maintain operations during periods of curtailment.
5) Customer agrees to curtail the use of gas transported hereunder, within one (1) hour when requested by CenterPoint Energy.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SMALL VOLUME DUAL FUEL TRANSPORTATION SERVICE (CONTINUED)

2) For positive imbalances - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

When an imbalance occurs due to curtailment and the customer's gas continues to be delivered by the pipeline, CenterPoint Energy will apply the positive imbalance to the customer's account for re-delivery at a later date. Such volumes will not be subject to Daily Balancing Fees, but will be subject to Monthly Balancing Fees if the imbalance is not eliminated by the end of the month.

Penalty for Unauthorized Gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

LARGE VOLUME DUAL FUEL TRANSPORTATION SERVICE

Availability:

Available to any customer whose peak day requirements exceed 1,999 Therms on an interruptible basis for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise. Delivery is contingent on adequate distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM
$900.00	$0.05034

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket G-008/GR-15-424) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates are higher than the total amount of interim rates, the company will not charge customer for the difference.

Special Conditions:

1) Customer must have arranged for the purchase of gas other than CenterPoint Energy's pipeline supply and for its delivery to a CenterPoint Energy Town Border Station(s).
2) Customer will provide CenterPoint Energy's Transportation Services Department in writing (by facsimile) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
3) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
4) Customer must have and maintain adequate standby facilities and have available sufficient fuel supply to maintain operations during periods of curtailment.
5) Customer agrees to curtail the use of gas transported hereunder, within one (1) hour when requested by CenterPoint Energy.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

LARGE VOLUME DUAL FUEL TRANSPORTATION SERVICE (CONTINUED)

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

1) For negative imbalances - when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service.

2) For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.

3) For positive imbalances - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

4) When an imbalance occurs due to curtailment and the customer's gas continues to be delivered by the pipeline, CenterPoint Energy will apply the positive imbalance to the customer's account for re-delivery at a later date. Such volumes will not be subject to Daily Balancing Fees, but will be subject to Monthly Balancing Fees if the imbalance is not eliminated by the end of the month.

Penalty for Unauthorized Gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM") (CONTINUED)

3.6) If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to CenterPoint Energy's regular collection practices including the possibility of disconnection.

4) **Funding:**

4.1) Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred by CenterPoint Energy shall not exceed $5 million per year. However, if there is an over-recovered balance in the Tracker at the end of a year, the over-recovered balance may be rolled over to the subsequent year and can be used to supplement benefits in the subsequent year unless the Minnesota Public Utilities Commission orders otherwise. CenterPoint Energy shall limit administrative costs included in the tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.

4.2) CenterPoint Energy shall recover Program costs in the Delivery Charge applicable to all customers receiving firm service under the following tariffs: Residential Sales Service, Small Volume Commercial & Industrial Sales Service, Small Volume Firm Transportation Service, Large General Firm Sales and Large Volume Firm Transportation, except customers taking service under the Market Rate Service Rider.

4.3) A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. CenterPoint Energy will track and defer Program costs with regulatory approval. The prudency of the program costs are subject to regulatory review. The GAP recovery rate is $0.~~00519~~00470 per therm during the time interim rates are in effect in Docket G-008/GR-15-424. CenterPoint Energy may petition the Commission to adjust this rate in order to true up the Program balance in the Tracker in its next general rate case.

5) **Evaluation:**

5.1) The Program shall be evaluated before the end of its term. The program may be modified based on annual reports and on a financial evaluation.

5.2) The annual reports will include the effect of the program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the program.

5.3) The financial evaluation will include a discounted cash flow of the Program's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the program. Any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers.

6) **Program Revocation:**
The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.

Proposed Tariffs

CenterPoint Energy

PROPOSED TARIFFS G008/GR-15-424

RATE SCHEDULES AND APPLICABLE PROVISIONS
SUMMARY OF TARIFF PAGE CHANGES

*Note – Same page filed in Docket G-008/M-15-421.
**Note – CNP updated references to “Automatic Bank Draft” and “Budget Billing” to “AutoPay” and “Average Monthly Billing” respectively – changes authorized in Docket No. G-008/M-14-753.

Section VII.

STANDARD GAS SERVICE AGREEMENTS

TARIFF PAGES WHICH SHOULD BE REMOVED

TARIFF PAGES WHICH DID NOT CHANGE

All other Tariff pages remain as filed.

V. RATE SCHEDULES AND APPLICABLE PROVISIONS

CENTERPOINT ENERGY (CONTINUED)

Transportation Service

Miscellaneous Riders And Adjustments

CenterPoint Energy

Rate Schedules and Applicable Provisions

Table of Contents

RESIDENTIAL SALES SERVICE

Availability:

Residential Sales Service is available upon request to Residential Firm customers contingent on an adequate gas supply and distribution system capacity.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
$~~9.50~~11.75	$0.~~18458~~21935	$0.~~47740~~.42543

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge of $9.50 will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

~~**Conservation Enabling Rider:**~~

~~All customer bills under this rate are subject to the Conservation Enabling Rider, Section V, Page 27.~~

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

SMALL VOLUME COMMERCIAL AND INDUSTRIAL SALES SERVICE

Availability:

Small Volume Commercial and Industrial Sales Service is available to Commercial and Industrial firm customers whose peak day requirements are less than 2000 therms contingent on an adequate gas supply and distribution system capacity.

Customers whose daily requirements exceed 500 therms and have annual usage greater than or equal to 5000 therms that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 1500 Therms	$~~15.00~~17.25	$0.~~14129~~24383	$0.~~47873~~.42665
Equal to or greater than 1500 Therms and less than 5000 Therms	$~~21.00~~26.25	$0.~~13329~~15439	$0.~~47873~~42665
Greater than or equal to 5000 Therms	$43.00	$0.~~13969~~14070	$0.~~47498~~42334

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge applicable as listed above will apply.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

~~**Conservation Enabling Rider:**~~

~~All customer bills under this rate are subject to the Conservation Enabling Rider, Section V, Page 27.~~

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

LARGE GENERAL FIRM SALES SERVICE

Availability:

Large General Firm Sales Service is available to Commercial and Industrial firm customers whose peak day requirements are greater than or equal to 2000 therms, contingent on an adequate gas supply and distribution system capacity. Customers must provide telemetering or agree to have telemetering installed at the customer's expense.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

	MONTHLY BASIC CHARGE	DELIVERY CHARGE	COST OF GAS
	$ ~~800.00~~900.00		
Demand charge (of billing demand)		$0.42539	$0.~~53259~~56095
Commodity charge (per therm)		$0.~~05034~~07006	$0.~~38805~~34184

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the Monthly Basic Charge plus the Monthly Demand Charge will apply.

Billing Demand:

The demand in therms for billing purposes shall be the customer's highest daily usage during the preceding calendar year.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

'Delinquent amount' is the portion of a customer's account representing charges for gas service past due. For customers on the ~~Budget Plan~~Average Monthly Billing or a deferred payment schedule, 'delinquent amount' is the lesser of the unpaid account balance or past due scheduled payments.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, Pages 25.-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

SMALL VOLUME DUAL FUEL SALES SERVICE

Availability:

Small Volume Dual Fuel Sales Service is available to commercial and industrial customers on an interruptible basis with requirements of 25 Therms an hour or more and peak day requirements are less than 2,000 Therms.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 120,000 Therms	$ 50.00	$0.~~11409~~11510	$0.~~40974~~36059
Greater than or equal to 120,000 Therms	$ 80.00	$0.~~10697~~10798	$0.~~40974~~36059

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.

2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

   a) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

   b) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

SMALL VOLUME DUAL FUEL SALES SERVICE (CONTINUED)

Special Conditions (continued):

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

3) Customers who purchase gas for use in their own compressor facilities for compressed natural gas motor fuel must have a dual fuel burning capability for fleet vehicles using compressed natural gas, and must have the ability to curtail the use of gas for this purpose on one (1) hour's notice when required to do so by CenterPoint Energy.

4) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rate is subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling (RD) Rider:

All customers under this rate are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customers must sign a separate contract for Small Volume Dual Fuel Sales Service to each delivery point, with a minimum contract term of one (1) year.

SMALL VOLUME FIRM / INTERRUPTIBLE SALES SERVICE

Availability

Small Volume Firm / Interruptible Sales Service is available to commercial and industrial customers with requirements of 25 Therms an hour or more and peak day requirements less than 2,000 Therms, contingent on an adequate gas supply and distribution system capacity. This rate schedule shall apply to gas service consisting of a base level of firm gas volumes, supplemented by interruptible volumes.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
Less than 120,000 Therms	$50.00		
Firm Volumes		$0.~~13969~~14070	$0.~~47498~~42334
Interruptible Volumes		$0.~~11409~~11510	$0.~~40974~~36059
Greater than or equal to 120,000 Therms	$ 80.00		
Firm Volumes		$0.~~13969~~14070	$0.~~47498~~42334
Interruptible Volumes		$0.~~10697~~10798	$0.~~40974~~36059

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions Firm Volumes:

1) Customer will elect a base level of daily firm service on or before September 1 of each year. This base level becomes effective with the subsequent November billing month and remains in effect for one year. The minimum base level of daily firm service will be 25 therms.

   The first volumes through the meter, on a daily basis, are firm volumes until the base level of firm is reached. All volumes used after the base level is reached are interruptible volumes.

Special Conditions Interruptible Volumes:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.
2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:
   a. For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.
   b. For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.
      i. For purposes of this provision, the gas year is the twelve-month period beginning November 1 each year.
   c. Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Special Conditions Firm and Interruptible

Customer must install telemetry equipment. Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider

The above rate is subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate are subject to the Revenue Decoupling Rider, Section V, Page 28.

Contract

Customers must sign a separate contract for Small Volume Firm/Interruptible Sales Service to each delivery point, with a minimum contract term of one (1) year.

LARGE VOLUME DUAL FUEL SALES SERVICE

Availability:

Large Volume Dual Fuel Sales Service is available, on an interruptible basis, to commercial and industrial customers whose peak day requirements exceed 1,999 Therms, contingent on an adequate gas supply and distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS PER THERM
$~~800.00~~900	$0.~~05034~~07006	$0.~~38805~~34184

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Special Conditions:

1) Customer must have and maintain adequate standby facilities and have available sufficient fuel supplies to maintain operations during periods of curtailment. Customer further agrees to curtail the use of gas on one (1) hour's notice when requested by CenterPoint Energy.
2) If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:
    a. For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.
    b. For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

    For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

    Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

LARGE VOLUME DUAL FUEL SALES SERVICE (CONTINUED)

Special Conditions (continued):

3) Customers who purchase gas for use in their own compressor facilities for compressed natural gas motor fuel must have a dual fuel burning capability for fleet vehicles using compressed natural gas, and must have the ability to curtail the use of gas for this purpose on one (1) hour's notice when required to do so by CenterPoint Energy.

4) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing service to the customer. This investment shall remain the property of CenterPoint Energy.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, Page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customers must sign a separate contract for Large Volume Dual Fuel Sales Service to each delivery point, with a minimum contract term of one (1) year.

MARKET RATE SERVICE RIDER

AVAILABILITY:

Available to any customer who either receives interruptible service or whose daily requirements exceed 500 Therms and maintains or plans on acquiring the capability to switch to alternate energy supplies or service, except indigenous biomass energy supplies, at comparable prices from a supplier not regulated by the Commission. Such customer is deemed to be subject to "effective competition."

Rate:

			Delivery Charge (Per Therm)	
		Basic Charge	**Minimum**	**Maximum**
Small Volume C/I Sales Service Annual usage greater or equal to 5,000 therms		$43.00	$0.00500	$0.~~27438~~27640
Small Volume C/I Transportation Serv. Annual usage greater or equal to 5,000 therms		$143.00	$0.00500	$0.~~27438~~27640
Large General Firm Sales Service		$~~800.00~~900.00		
	Demand [1]		$0.0000	$0.85078
	Commodity		$0.00500	$0.~~09568~~13512
Large General Firm Transportation Serv.		$~~900.00~~1000.00		
	Demand [1]		$0.0000	$0.85078
	Commodity		$0.00500	$0.~~09568~~13512
Small Vol. Dual Fuel Sales Service Annual usage less than 120,000 therms		$50.00	$0.00500	$0.~~22318~~22520
Annual usage greater than or equal to 120,000 therms		$80.00	$0.00500	$0.~~20894~~21096
Small Vol. Dual Fuel Transportation Serv. Annual usage less than 120,000 therms		$150.00	$0.00500	$0.~~22318~~22520
Annual usage greater than or equal to 120,000 therms		$180.00	$0.00500	$0.~~20894~~21096
Large Vol. Dual Fuel Sales Service		$~~800.00~~900.00	$0.00500	$0.~~09568~~13512
Large Vol. Dual Fuel Transportation Serv.		$~~900.00~~1000.00	$0.00500	$0.~~09568~~13512

(1) Per therm of Billing Demand

Cost of Gas as listed on the applicable Sales or Transportation Service tariff.

Special Conditions:

1) Any customer receiving service under this Rider must accept all gas service according to the terms and conditions contained herein and under the applicable Sales or Transportation Service tariff. This Rider supersedes the tariff only where the two are in conflict; in all other cases, the terms of the tariff shall apply.

2) Any customer changing from this Rider to the applicable Sales or Transportation Service tariff must notify CenterPoint Energy in writing (facsimile acceptable) of the proposed change at least thirty (30) days in advance.

3) CenterPoint Energy will notify customers a minimum of two (2) days (or less if agreed to by both parties) in advance of implementation of a change in negotiated rates.

4) In the event a customer receives service from CenterPoint Energy during a period for which there is no explicit price agreement, for any gas received the customer will pay the maximum delivery charge as described above, plus the applicable basic charge and cost of gas.

5) Customers must enter into this service for a minimum of one (1) year.

Minimum and Maximum delivery charge (per Therm) rates do not include applicable Conservation Cost Recovery Charge (CCRC). Conservation Cost Recovery Adjustment (CCRA), or Gas Affordability Program (GAP) charges.

CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER

Applicability:

Applicable to bills for gas and/or transportation service provided under the Company's retail rate schedules.

Exemptions are as follows:

"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program (CIP) charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's CIP charges pursuant to Minn. Stat. 216B.241, subd. 1a (b) shall receive a monthly exemption from CIP charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from the conservation program charges, the "Large Customer Facility" customers can no longer participate in CenterPoint Energy's Energy Conservation Improvement Program.

Minnesota Stat. 216B.241, subd. 1a(c) which allows exemption of certain commercial gas customers does not apply to CenterPoint Energy because the Company's customer count exceeds the 600,000 level set in statute.

Rate:

BASE CHARGE PER THERM (CCRC)	ADJUSTMENT (CCRA)
$0.~~01849~~01950	$0.00883

Rider:

A Conservation Improvement Program Adjustment which shall be included on each non-exempt customer's monthly bill. The applicable factor shall be multiplied by the customer's monthly billing in Therms for gas service before any adjustments, surcharges or sales tax.

Determination of Conservation Cost Recovery Charge (CCRC or Base Charge per Therm):

The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the Minnesota Public Utilities Commission in the Company's last general rate case. The CCRC is approved and applied on a per therm basis by dividing test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes). All revenue received from the CCRC shall be credited to the CIP tracker account.

SMALL VOLUME FIRM TRANSPORTATION SERVICE

Availability:

Available to any firm customer whose peak day requirements are less than 2000 therms for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM	COST OF GAS DEMAND CHARGE
Less than 1500 Therms	$~~115.00~~117.25	$0.~~14129~~.24383	$0.~~07692~~07646
Equal to or greater than 1500 Therms and less than 5000 Therms	$~~121.00~~126.25	$0.~~13329~~15439	$0.~~07692~~07646
Greater than or equal to 5000 Therms	$143.00	$0.~~13969~~14070	$0.~~07692~~07646

Special Conditions:

1) Customer will provide CenterPoint Energy's Transportation Services Department in writing (or by electronic communication) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
2) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
3) If customer is an existing customer, taking services under the firm sales service tariff, the customer is responsible for stranded Cost of Gas Demand Charge shown above. However, CenterPoint Energy would forego the Cost of Gas Demand Charge as set forth above, provided that CenterPoint Energy can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SMALL VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

1) Non-SUL/SOL/CRITICAL DAYS – When a customer's scheduled deliveries to the company differ from daily consumption by more than 5%, the customer will be charged Northern Natural Gas Company's maximum TI rate per therm for each imbalance therm. The current maximum TI rate is:

November – March	$.06091 per therm
April – October	$.02512 per therm

2) SUL Days – On days in which Northern Natural Gas Company declares a System Under run Limitation (SUL), the 5% daily imbalance tolerance will be suspended and a daily charge of $.10 per therm for each therm of consumption less than the confirmed nomination will be charged. If consumption is greater than the confirmed nomination, there is no charge.

3) SOL Days – On days in which Northern Natural Gas Company declares a System Overrun Limitation (SOL), the 5% of daily imbalance tolerance will be suspended and daily charges for each therm of consumption greater than the confirmed nomination will apply as follows:

   a) For consumption up to 105% of confirmed nomination, $ .10 per therm

   b) For consumption greater than 105% of confirmed nomination, $1.090 per therm. If consumption is less than the confirmed nomination, there is no charge.

4) Critical Days – On days in which Northern Natural Gas Company declares a Critical Day, a charge equal to the daily delivery variance charge (DDVC) of the pipeline will apply to those volumes in excess of the confirmed nomination level. Currently this charge is as much as $11.30 per therm.

Customers transporting into CenterPoint Energy's system on pipelines other than Northern Natural Gas will be subject to daily imbalance tolerances and fees as specified in those pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. As Northern revises this rate schedule, the company's rate will be adjusted accordingly after receiving Commission approval.

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

1) For negative imbalances on Northern Natural Gas Pipeline - when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service. For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.

2) For positive imbalances on Northern Natural Gas Pipeline - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

3) Customers transporting into CenterPoint Energy's system on Viking Pipeline will be subject to monthly imbalance tolerances and fees as specified in that pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. The monthly index price shall equal the average daily price reported for deliveries into Emerson.

SMALL VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

Failure of Transportation Supply:

If a customer or a customer's supplier notifies CenterPoint Energy that it will be unable to deliver volumes to CenterPoint Energy's Town Border Station sufficient to meet daily consumption, CenterPoint Energy will use reasonable efforts to make gas available to the customer. Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If CenterPoint Energy is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or to incur the penalty associated with the unauthorized use of gas.

Penalty for Unauthorized gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.
2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

LARGE VOLUME FIRM TRANSPORTATION SERVICE

Availability:

Available to any firm customer whose peak day requirements are greater than or equal to 2000 therms for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise.

Rate:

Monthly Basic Charge $~~900.00~~1,000.00

	DELIVERY CHARGE	COST OF GAS
Demand charge (of billing demand)	$0.42539	$0.~~53259~~56095
Commodity charge (per therm)	$0.05034	

Special Conditions:

1) Customer will provide CenterPoint Energy's Transportation Services Department in writing (or by electronic communication) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.2) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.

3) If customer is an existing customer taking service under the firm sales service tariff, customer is responsible for the stranded Cost of Gas Demand Charge shown above. However, ~~,~~ CenterPoint Energy would forego the gas-related portion of the demand charge per therm as set forth on the tariff, provided that CenterPoint Energy can either utilize or reduce its transportation obligations such that there will be no stranded cost for the remaining firm service customers.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

Minimum Monthly Bill:

When no consumption occurs during the billing month, the basic monthly charge applicable as listed above plus the Monthly Demand Charge will apply.

Billing Demand:

The demand in therms for billing purposes shall be the customers' highest daily usage during the preceding calendar year.

Nomination:

Customer requesting volumes to flow on the first day of any month must directly advise CenterPoint Energy's Transportation Services Department in writing (by facsimile or email), by 9:00 a.m. central standard time, five (5) working days prior to the end of the preceding month, of the initial daily volumes to be delivered on its behalf from the Town Border Station to the customer's premise.

LARGE VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

Customers transporting into CenterPoint Energy's system on pipelines other than Northern Natural Gas will be subject to daily imbalance tolerances and fees as specified in those pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. As Northern revises this rate schedule, the company's rate will be adjusted accordingly after receiving Commission approval.

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

1) For negative imbalances on Northern Natural Gas Pipeline - when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service. For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.

2) For positive imbalances on Northern Natural Gas Pipeline - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

~~2)~~3) Customers transporting into CenterPoint Energy's system on Viking Pipeline will be subject to monthly imbalance tolerances and fees as specified in that pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. The monthly index price shall equal the average daily price reported for deliveries into Emerson.

Failure of Transportation Supply:

If a customer or a customer's supplier notifies CenterPoint Energy that it will be unable to deliver volumes to CenterPoint Energy's Town Border Station sufficient to meet daily consumption, CenterPoint Energy will use reasonable efforts to make gas available to the customer.

LARGE VOLUME FIRM TRANSPORTATION SERVICE (CONTINUED)

Failure of Transportation Supply:

Such gas will be charged to the customer at the highest incremental supply cost for the day plus the commodity cost of interruptible transportation plus applicable Daily Balancing Fees. If CenterPoint Energy is unable to obtain a replacement for the customer's transportation supply, the customer will be given the option to discontinue the use of gas or to incur the penalty associated with the unauthorized use of gas.

Penalty for Unauthorized gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.
2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

Franchise Fee:

A franchise fee will be added to the monthly bill computed at this rate schedule for those communities that impose a franchise fee.

Purchased Gas Adjustment Rider:

The above rates are subject to the Purchased Gas Adjustment Rider at Section V, page 22. Bills will be automatically increased or decreased as provided in the rate adjustment clause to reflect changes in the cost of purchased gas and fuel for supplemental gas.

Gas Affordability Rider:

All customer bills under this rate are subject to the adjustment provided for in the Gas Affordability Program Rider, Section V, pages 25-25.b.

Conservation Improvement Adjustment Rider:

All customer bills under this rate are subject to the Conservation Improvement Rider, Section V, Page 13.

Revenue Decoupling Rider:

All customer bills under this rate with the exception of customers taking Market Rate Service, (Section V, Page 11) are subject to the Revenue Decoupling Rider, Section V, Pages 28-28.a.

Contract:

Customer must sign a separate contract for Transportation Service to each delivery point. The minimum contract for Firm Transportation Service is one (1) year.

Customer must advise CenterPoint Energy six (6) months in advance, in writing, when it wishes to cancel a contract for Firm Transportation Service.

Customer is obligated to provide a copy of all contracts used to procure and deliver natural gas to CenterPoint Energy's Town Border Station(s). Such contracts must be with suppliers who can demonstrate actual firm gas supplies under contract. Customer is not required to provide price information.

SMALL VOLUME DUAL FUEL TRANSPORTATION SERVICE

Availability:

Available to any customer whose peak day requirements are less than 2,000 Therms on an interruptible basis for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise. Delivery is contingent on adequate distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) may be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

ANNUAL USAGE	MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM
Less than 120,000 Therms	$150.00	$0.~~11409~~11510
Equal to or greater than 120,000 Therms	$180.00	$0.~~10697~~10798

Special Conditions:

1) Customer must have arranged for the purchase of gas other than CenterPoint Energy's pipeline supply for its delivery to a CenterPoint Energy Town Border Station(s).
2) Customer will provide CenterPoint Energy's Transportation Services Department in writing (by facsimile) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
3) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
4) Customer must have and maintain adequate standby facilities and have available sufficient fuel supply to maintain operations during periods of curtailment.
5) Customer agrees to curtail the use of gas transported hereunder, within one (1) hour when requested by CenterPoint Energy.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

SMALL VOLUME DUAL FUEL TRANSPORTATION SERVICE (CONTINUED)

1) Non-SUL/SOL/CRITICAL DAYS – When a customer's scheduled deliveries to the company differ from daily consumption by more than 5%, the customer will be charged Northern Natural Gas Company's maximum TI rate per therm for each imbalance therm. The current maximum TI rate is:

November – March	$.06091 per therm
April – October	$.02512 per therm

2) SUL Days – On days in which Northern Natural Gas Company declares a System Under run Limitation (SUL), the 5% daily imbalance tolerance will be suspended and a daily charge of $.10 per therm for each therm of consumption less than the confirmed nomination will be charged. If consumption is greater than the confirmed nomination, there is no charge.

3) SOL Days – On days in which Northern Natural Gas Company declares a System Overrun Limitation (SOL), the 5% of daily imbalance tolerance will be suspended and daily charges for each therm of consumption greater than the confirmed nomination will apply as follows:

   a) For consumption up to 105% of confirmed nomination, $ .10 per therm

   b) For consumption greater than 105% of confirmed nomination, $1.090 per therm. If consumption is less than the confirmed nomination, there is no charge.

4) Critical Days – On days in which Northern Natural Gas Company declares a Critical Day, a charge equal to the daily delivery variance charge (DDVC) of the pipeline will apply to those volumes in excess of the confirmed nomination level. Currently this charge is as much as $11.30 per therm.

Customers transporting into CenterPoint Energy's system on pipelines other than Northern Natural Gas will be subject to daily imbalance tolerances and fees as specified in those pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. As Northern revises this rate schedule, the company's rate will be adjusted accordingly after receiving Commission approval.

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

1) For negative imbalances on Northern Natural Gas Pipeline - when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service. For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.

SMALL VOLUME DUAL FUEL TRANSPORTATION SERVICE (CONTINUED)

2) For positive imbalances on Northern Natural Gas Pipeline - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

3) Customers transporting into CenterPoint Energy's system on Viking Pipeline will be subject to monthly imbalance tolerances and fees as specified in that pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. The monthly index price shall equal the average daily price reported for deliveries into Emerson.

When an imbalance occurs due to curtailment and the customer's gas continues to be delivered by the pipeline, CenterPoint Energy will apply the positive imbalance to the customer's account for re-delivery at a later date. Such volumes will not be subject to Daily Balancing Fees, but will be subject to Monthly Balancing Fees if the imbalance is not eliminated by the end of the month.

Penalty for Unauthorized Gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

LARGE VOLUME DUAL FUEL TRANSPORTATION SERVICE

Availability:

Available to any customer whose peak day requirements exceed 1,999 Therms on an interruptible basis for the delivery of gas owned by the customer from a CenterPoint Energy Town Border Station(s) to a meter location on the customer's premise. Delivery is contingent on adequate distribution system capacity.

Customers that use, for reasons of price, an alternative energy supply (other than biomass energy) shall be limited to gas service under the Market Rate Service Rider for a period of one (1) year.

Rate:

MONTHLY BASIC CHARGE	DELIVERY CHARGE PER THERM
$~~900.00~~1,000.00	$0.~~05034~~07006

Special Conditions:

1) Customer must have arranged for the purchase of gas other than CenterPoint Energy's pipeline supply and for its delivery to a CenterPoint Energy Town Border Station(s).
2) Customer will provide CenterPoint Energy's Transportation Services Department in writing (by facsimile) with a reasonable estimate of total monthly consumption at least five (5) working days prior to the end of the preceding month.
3) Customer is responsible for reimbursing CenterPoint Energy for all incremental on-site plant investments, including telemetry equipment, required by CenterPoint Energy for providing transportation services to the customer. This investment shall remain the property of CenterPoint Energy.
4) Customer must have and maintain adequate standby facilities and have available sufficient fuel supply to maintain operations during periods of curtailment.
5) Customer agrees to curtail the use of gas transported hereunder, within one (1) hour when requested by CenterPoint Energy.

Therm Factor Adjustment:

Customer metered usage will be adjusted to reflect the following: 1,000 Btu per cubic foot, base pressure of 14.73 PSIA, and a gas temperature of 60 degrees Fahrenheit.

LARGE VOLUME DUAL FUEL TRANSPORTATION SERVICE (CONTINUED)

Monthly Balancing:

Volume differences between monthly receipts and deliveries shall be accumulated and recorded in customer's account. CenterPoint Energy shall determine the imbalance quantity for each month on a therm basis. CenterPoint Energy shall then account for the imbalance volumes as follows:

1) For negative imbalances on Northern Natural Gas Pipeline - when a customer's monthly consumption exceeds total deliveries to CenterPoint Energy for that customer by more than 2%, the excess usage will be billed to the customer at 120% of the monthly index price plus transportation charges. The monthly index price shall equal the average daily price reported in *Platts Gas Daily* for deliveries into Northern Natural Gas Pipeline at Ventura. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for interruptible transportation service.

2) For negative imbalances less than or equal to 2%, the excess usage will be billed at 100% of the monthly index price plus transportation charges.

3) For positive imbalances on Northern Natural Gas Pipeline - when a customer's total monthly deliveries exceed customer's monthly consumption by more than 2%, the dollar value of the excess gas deliveries will be credited to the customer's account at 80% of the monthly Index price plus transportation charges. Transportation charges shall equal the commodity transportation charge as published in Northern Natural Gas Pipeline tariffs for firm transportation service. For positive imbalances less than or equal to 2%, the excess usage will be credited at 100% of the monthly Index price plus transportation charges.

~~3)~~**4)** Customers transporting into CenterPoint Energy's system on Viking Pipeline will be subject to monthly imbalance tolerances and fees as specified in that pipeline's FERC approved tariffs, in lieu of the tolerances and fees specified above. The monthly index price shall equal the average daily price reported for deliveries into Emerson.

~~4)~~5) When an imbalance occurs due to curtailment and the customer's gas continues to be delivered by the pipeline, CenterPoint Energy will apply the positive imbalance to the customer's account for re-delivery at a later date. Such volumes will not be subject to Daily Balancing Fees, but will be subject to Monthly Balancing Fees if the imbalance is not eliminated by the end of the month.

Penalty for Unauthorized Gas Use:

If a customer fails to discontinue use of gas within one hour of being requested to do so by CenterPoint Energy, the customer will be deemed to have taken Unauthorized Gas. The penalty for unauthorized use of gas will be:

1) For the first occurrence of the gas year: the prevailing delivery charge plus the highest incremental supply cost for the day plus $1.00 per Therm.

2) For subsequent occurrences: the prevailing delivery charge plus the highest incremental supply cost for the day plus $2.00 per Therm.

For purposes of this provision, the gas year is the twelve month period beginning November 1 each year.

Further, CenterPoint Energy shall have the right to shut off customer's supply of gas in the event of failure to discontinue use after being requested to do so.

Due Date:

The due date printed on customer bills will not be more than five days before the next scheduled billing date. However, customers who have selected the ~~Automatic Bank Draft~~AutoPay option may select a due date which is greater than five days before the next scheduled billing date.

Late Payment Charge:

Delinquent amounts are subject to a late payment charge of 1.5% or $1.00, whichever is greater. No late payment charge will be applied if the delinquent amount is $10.00 or less.

All payments received will be credited against the oldest outstanding account balance before application of any late payment charge. The late payment charge will be assessed on unpaid amounts at the next scheduled billing date.

GAS AFFORDABILITY SERVICE PROGRAM ("PROGRAM") (CONTINUED)

3.6) If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to CenterPoint Energy's regular collection practices including the possibility of disconnection.

4) **Funding:**

4.1) Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred by CenterPoint Energy shall not exceed $5 million per year. However, if there is an over-recovered balance in the Tracker at the end of a year, the over-recovered balance may be rolled over to the subsequent year and can be used to supplement benefits in the subsequent year unless the Minnesota Public Utilities Commission orders otherwise. CenterPoint Energy shall limit administrative costs included in the tracker (except start-up related costs) to 5% of total Program costs. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.

4.2) CenterPoint Energy shall recover Program costs in the Delivery Charge applicable to all customers receiving firm service under the following tariffs: Residential Sales Service, Small Volume Commercial & Industrial Sales Service, Small Volume Firm Transportation Service, Large General Firm Sales and Large Volume Firm Transportation, except customers taking service under the Market Rate Service Rider.

4.3) A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through rates. CenterPoint Energy will track and defer Program costs with regulatory approval. The prudency of the program costs are subject to regulatory review. The GAP recovery rate is $0.~~00519~~ 00470 per them.. CenterPoint Energy may petition the Commission to adjust this rate in order to true up the Program balance in the Tracker in its next general rate case.

5) **Evaluation:**

5.1) The Program shall be evaluated before the end of its term. The program may be modified based on annual reports and on a financial evaluation.

5.2) The annual reports will include the effect of the program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the program.

5.3) The financial evaluation will include a discounted cash flow of the Program's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the program. Any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers.

6) **Program Revocation:**
The Program, upon approval by the Commission, is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.

DUAL FUEL GAS SALES SERVICE

This Dual Fuel Sales Service Agreement ("Agreement") is between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038 and ____________________ (Customer), a ______________________________ (Proprietorship, Partnership or Corporation), ____ ~~("Customer") and CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, 800 LaSalle Avenue, Floor 14, Minneapolis MN 55402.~~ Customer is a user of natural gas who meets the requirements for dual fuel service as outlined in the applicable d~~D~~ual f~~F~~uel s~~S~~ales s~~S~~ervice tariff on file with the Minnesota Public Utilities Commission, as it may be changed from time to time ("Tariff"). CenterPoint Energy and Customer agree as follows:

Section 1. REQUIREMENTS AND DELIVERIES.

1.1. **Delivery of Gas**. CenterPoint Energy will sell and deliver pipeline quality gas at ______________________________________ (Acct#_______________) on an interruptible basis. The metered volume will be adjusted to account for variations in pressure and temperature and billed accordingly. Gas-using equipment is listed in Appendix A. Customer will notify CenterPoint Energy of any changes in its use of natural gas.

1.2. **Refusal or Disconnection of Service.** CenterPoint Energy will not initiate gas service until all equipment necessary for gas and alternative fuel operation is installed and performs in compliance with applicable laws, ordinances and codes and Customer meets CenterPoint Energy's credit requirements.

CenterPoint Energy may refuse service or disconnect service without notice for the following reasons:

- Tampering with CenterPoint Energy's equipment;
- The existence of a condition hazardous to Customer; CenterPoint Energy's other customers, employees or equipment; or the public;
- Customer's use of equipment which adversely affects CenterPoint Energy's equipment or service to others.

CenterPoint Energy may refuse or disconnect service upon five days written notice for any of the following reasons:

- Customer's failure to pay a bill when due;
- Customer's violation of CenterPoint Energy's Rules and Regulations on file with the Public Utilities Commission or city having jurisdiction:
- Customer's breach of this Agreement;
- Customer's failure to provide CenterPoint Energy reasonable access to CenterPoint Energy's equipment;
- Customer's failure to furnish necessary service, equipment or rights-of-way which CenterPoint Energy has specified as a condition for obtaining service.

Disconnection does not relieve Customer of the responsibility to pay CenterPoint Energy for service previously rendered.

Section 2. PRICE, BILLING AND PAYMENT PROCEDURES.

2.1. **Rate for Gas.** Customer will pay the gas rate in the applicable Dual Fuel Sales Service Tariff approved by the applicable authority. CenterPoint Energy may increase or decrease the rate for changes in the cost of gas pursuant to its Purchased Gas Adjustment Clause.

2.2. **Taxes and Fees.** Customer will pay any tax or fee imposed on all or part of any sale of gas or the gross revenues derived from the sale of gas.

2.3. **Gas Used After Notice of Curtailment**. For all unauthorized gas used after notice of curtailment, Customer will pay the charge for Unauthorized Gas as specified in the tariff.

2.4. **Billing and Payment.** CenterPoint Energy will bill Customer monthly. Payment is due by the due date noted on the bill.

2.5. **Late Payment Charge**. Late payment will be charged as specified in the tariff.

Section 3. CURTAILMENT.

3.1. **Curtailment.** Customer will provide CenterPoint Energy (and update as necessary) the names and telephone numbers of persons CenterPoint Energy should notify to curtail in Appendix B. Customer will curtail gas usage upon one hour's notice.

Section 4. SERVICE LINES AND METERING EQUIPMENT.

4.1. **Equipment Furnished by CenterPoint Energy**. CenterPoint Energy will install and maintain necessary gas mains and services, meter, remote reading equipment, and regulator equipment to supply natural gas to the CenterPoint Energy meter on Customer's premises. CenterPoint Energy may charge Customer for costs of installation consistent with CenterPoint Energy's tariff. All equipment furnished by CenterPoint Energy will remain its property, and CenterPoint Energy may remove its equipment upon termination of service to customer.

4.2. **Customer's Equipment**. All piping and equipment downstream of the meter, including telephone lines and any necessary electrical power for remote meter reading equipment, will be installed and maintained by Customer and remain Customer's responsibility. Any inspection by CenterPoint Energy of Customer's piping and equipment will not impose any obligation or liability on CenterPoint Energy.

4.3. **Location on Customer's Premises.** Customer will, without expense to CenterPoint Energy, provide, and maintain on the premises, at a location satisfactory to CenterPoint Energy, proper space for CenterPoint Energy's piping, meters, regulators and other equipment.

4.4. **Access to Equipment.** CenterPoint Energy representatives have the right at all reasonable times to have access to its equipment for any reason related to this Agreement, including the right to read meters, make inspections or repairs or remove CenterPoint Energy's equipment. Customer will obtain consent from its lessor, if any, for CenterPoint Energy to enter the premises for these purposes. Access will be granted at all times for emergency purposes.

4.5. **Safekeeping of CenterPoint Energy's Equipment.** Customer will provide for the safekeeping of CenterPoint Energy's meters and other equipment. Customer will reimburse CenterPoint Energy for the cost of any alterations to its property necessitated by Customer, and for any loss or damage to CenterPoint Energy's property due to negligence of Customer, its agents or employees. CenterPoint Energy may suspend or discontinue gas service until any such damage or loss is settled to its satisfaction.

Section 5. ALTERNATIVE OR DUAL FUEL EQUIPMENT.

5.1. **Alternative or Dual Fuel Capability.** Customer must have an operational alternate or dual fuel system installed. The installation and maintenance of the alternate or dual fuel system must comply with applicable codes, ordinances and laws.

5.2. **Alternate Fuel Supply.** Customer will have access to sufficient alternate fuel supplies for all periods of curtailment.

Section 6. TERM.

This Agreement is effective when signed by both parties and remains in effect until terminated by CenterPoint Energy pursuant to Section 1 or either party upon 30 days written notice. This Agreement supersedes all prior written or oral agreements.

Section 7. NOTICES.

Notices, except as otherwise specified, will be sent to:

CenterPoint Energy, Commercial & Industrial Sales~~Energy Sales~~
505 Nicollet Mall, P.O. Box 59038,
Minneapolis, Minnesota 55459-0038~~800 LaSalle Avenue, Floor 14~~
~~Minneapolis, MN 55402~~ Phone: 612.321.4330

NAME	ADDRESS
TITLE	CITY, STATE, ZIP
TELEPHONE NUMBER	**PLEASE NOTIFY CENTERPOINT ENERGY OF ANY CHANGES IN CONTACTS**

Section 8. ASSIGNMENT.

This Agreement cannot be assigned without CenterPoint Energy's prior written approval. If Customer does not obtain approval, Customer will remain liable for payment of gas service.

Section 9. WAIVER OF LIABILITY.

CenterPoint Energy will not be liable for any loss, injury, or damages, including any special, incidental, or consequential damages, resulting from CenterPoint Energy's disconnection or refusal of service, or any interruption or curtailment of gas service.

Section 10. APPLICABLE LAW AND REGULATION.

This Agreement will be construed in accordance with the laws of the State of Minnesota. However, notwithstanding any of the terms or conditions of the Agreement, the Tariff shall govern. If a change in the Tariff creates a conflict with any section of this Agreement, either party may cancel this Agreement immediately upon delivery of written notice of such cancellation to the other party. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.

Section 11. COMPLETE AGREEMENT.

This Agreement and the Tariff constitute the parties' complete agreement. With the exception of changes to the Tariff, this Agreement cannot be changed except in a writing signed by both parties.

CENTERPOINT ENERGY RESOURCES CORP., d/b/a CenterPoint Energy Minnesota Gas	**CUSTOMER(S)**
By: ________________	By: ________________
Title: ________________	Title: ________________
Dated: ________________	Dated: ________________

DUAL FUEL GAS TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") is between CenterPoint Energy, Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038 ~~800 LaSalle Ave, Floor 14, Minneapolis, Minnesota 55402 ("CenterPoint Energy")~~ and __________("End User"), and is effective 9:00 a.m. CCT on the 1st day of _________, 20____. End User is a natural gas user who has purchased natural gas from a supplier other than CenterPoint Energy's sales service, and who desires to transport that natural gas through CenterPoint Energy's distribution system. CenterPoint Energy is willing and able to transport End User's natural gas on an interruptible basis, subject to (1) all provisions of this Agreement, and (2) CenterPoint Energy's currently effective and applicable Dual Fuel Transportation Service Tariff on file with the Minnesota Public Utilities Commission, as it may be changed from time to time ("Tariff"). Therefore, the parties, desiring to be legally bound, for themselves, their successors and assigns, agree as follows:

Section 1. Quantity.

CenterPoint Energy agrees to accept and to transport on an interruptible basis daily volumes of gas nominated by End User in accordance with Section 2 of this Agreement in volumes up to ________ Therms per day. End User's gas will be accepted at the inlet of CenterPoint Energy's ________________ town border station ("TBS") and will be transported on an interruptible basis to End User's meter at , Minnesota, account #______________________. The volumes metered by CenterPoint Energy will be considered the volumes delivered to CenterPoint Energy.

End User's gas shall be delivered by CenterPoint Energy at a rate of flow not exceeding __________ cubic feet per hour at the outlet of End User's meter. The gas shall be delivered at normal operating pressures and temperatures on CenterPoint Energy's distribution system and all volumes delivered will be adjusted for Btu content. The gas transported under this Agreement shall be the first gas registered through End User's meter.

Section 2. Nominating Procedure.

Each day by 9:00 a.m. CCT, End User will nominate the volume of gas it wants to take for the 24-hour period beginning at 9:00 a.m. CCT the following day. Nominations shall be made directly to CenterPoint Energy's Transportation Services Department and shall include volumes to account for fuel use and unaccounted for volumes on the transporting interstate pipeline system. When End User is out-of-balance on CenterPoint Energy's system as defined in the Tariff, End User will pay the charges outlined in the Tariff. End User is responsible for all transportation and transportation requirements of the interstate pipeline.

Section 3. Meter Reading and Telemetering.

Telemetry is required. End User will be billed monthly for the cost of the telephone circuit. This charge is in addition to all charges outlined in the Tariff.

Section 4. Term.

This Agreement will continue in effect for **1 year** from its effective date. Upon expiration of the initial term, this Agreement shall continue for successive thirty (30) day periods until terminated in accordance with Section 7 of this Agreement.

Section 5. Price.

The rate charged End User for transported gas will be governed by the applicable Tariff, a copy of which is attached to this Agreement.

Section 6. Payment.

Payment is due five (5) days prior to the next scheduled billing date. A late charge, as outlined in the Tariff, will be applied to bills not paid by the end of the due date.

Section 7. Termination and Assignment.

7.1. End User or CenterPoint Energy may terminate this Agreement by giving written notice to the other thirty (30) days prior to the expiration of the current term.

7.2. This Agreement shall immediately terminate on any date on which any applicable statute, regulation or other jurisdictional authority renders it illegal, null or void.

7.3. Additionally, this Agreement will be subject to termination immediately upon notice to End User of its failure to meet its responsibilities under this Agreement.

7.4. This Agreement may not be assigned without the written consent of the other party.

Section 8. Notices.

CenterPoint Energy, Commercial & Industrial Sales, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038,~~Energy Sales Department: 800 LaSalle Ave., Floor 14, Minneapolis, MN 55402~~, 612-321-4330
End User: ____
____
____

Section 9. Alternative Fuel Capability and Interruption.

End User must have on-site alternate fuel capability and sufficient fuel to burn for periods of interruption, or be receiving service under the Process Interruptible Service Rider. CenterPoint Energy can interrupt End User if capacity constraints require or for other appropriate reasons. End User will cease using gas on one hour's notice when CenterPoint Energy requests or pay the penalty for Unauthorized Use of Gas contained in the Tariff.

Section 10. Waiver of Liability.

End User will hold CenterPoint Energy harmless from all claims for damages, including special, incidental, or consequential damages, resulting from any termination of gas service caused by End User's failure to deliver gas to CenterPoint Energy's TBS or for CenterPoint Energy's interruption or curtailment of gas service.

Section 11. Supplying Copies of Contracts.

Prior to any transportation by CenterPoint Energy under this Agreement, End User will provide CenterPoint Energy with copies of all contracts used to procure and deliver natural gas to CenterPoint Energy's TBS. However, End User need not provide price information contained in such contracts.

Section 12. Applicable Law and Regulation.

This Agreement will be construed in accordance with the laws of the State of Minnesota. However, notwithstanding any of the terms or conditions of the Agreement, the Tariff shall govern. If a change in the Tariff creates a conflict with any section of this Agreement, either party may cancel this Agreement immediately upon delivery of written notice of such cancellation to the other party. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.

Section 13. Complete Agreement.

This Agreement and the Tariff constitute the parties' complete agreement. With the exception of changes to the Tariff, this Agreement cannot be changed except in a writing signed by both parties.

END USER
By:____

Title: ____

Dated: ____

CENTERPOINT ENERGY RESOURCES CORP., d/b/a CenterPoint Energy Minnesota Gas
By:____

Title:: ____

Dated: ____

FIRM GAS TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT ("Agreement") is between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038 (CenterPoint Energy) ~~800 LaSalle Ave, Floor 14, Minneapolis, Minnesota 55402 ("CenterPoint Energy")~~ and ("End User"), and is effective 9:00 a.m. CCT on the 1st day of _________, 20____. End User is a natural gas user who has purchased natural gas from a supplier other than CenterPoint Energy's sales service, and who desires to transport that natural gas through CenterPoint Energy's distribution system. CenterPoint Energy is willing and able to transport End User's natural gas on a firm basis, subject to (1) all provisions of this Agreement, and (2) CenterPoint Energy's currently effective and applicable Firm Transportation Service Tariff on file with the Minnesota Public Utilities Commission, as it may be changed from time to time ("Tariff"). Therefore, the parties, desiring to be legally bound, for themselves, their successors and assigns, agree as follows:

Section 1. Quantity.

CenterPoint Energy agrees to accept and to transport on a firm basis daily volumes of gas nominated by End User in accordance with Section 2 of this Agreement in volumes up to ________ Therms per day. End User's gas will be accepted at the inlet of CenterPoint Energy's ________________ town border station ("TBS") and will be transported on a firm basis to End User's meter at _____, Minnesota account #_________. The volumes metered by CenterPoint Energy will be considered the volumes delivered to CenterPoint Energy.

End User's gas shall be delivered by CenterPoint Energy at a rate of flow not exceeding __________ cubic feet per hour at the outlet of End User's meter. The gas shall be delivered at normal operating pressures and temperatures on CenterPoint Energy's distribution system and all volumes delivered will be adjusted for Btu content. Gas transported under this Agreement shall be the first gas registered through End User's meter.

Section 2. Nominating Procedure.

Each day by 9:00 a.m. CCT, End User will nominate the volume of gas it wants to take for the 24-hour period beginning at 9:00 a.m. CCT the following day. Nominations shall be made directly to CenterPoint Energy's Transportation Services Department and shall include volumes to account for fuel use and unaccounted for volumes on the transporting interstate pipeline system. When End User is out-of-balance on CenterPoint Energy's system, as defined in the Tariff, End User will pay the charges outlined in the Tariff.

End User is responsible for all transportation and transportation requirements of the interstate pipeline.

Section 3. Meter Reading and Telemetering.

Telemetry is required. End User may be billed monthly for the cost of the telephone circuit. This charge is in addition to all charges outlined in the applicable Tariff.

Section 4. Term.

This Agreement will continue in effect for **1 year** from its effective date. Upon expiration of the initial term, this Agreement shall continue for successive thirty (30) day periods until terminated in accordance with Section 7 of this Agreement.

Section 5. Price.

The rate charged End User for transportation services will be governed by the Tariff, a copy of the current Tariff is attached to this Agreement.

Section 6. Payment.

Payment is due five (5) days prior to the next scheduled billing date. A late charge, as outlined in the Tariff, will be applied to bills not paid by the end of the due date.

Section 7. Termination and Assignment.

7.1. End User or CenterPoint Energy may terminate this Agreement by giving written notice to the other ~~thirty (30)~~six (6) months ~~days~~ prior to the expiration of the current term.

7.2. This Agreement shall immediately terminate on any date on which any applicable statute, regulation or other jurisdictional authority renders it illegal, null or void.

7.3. Additionally, this Agreement will be subject to termination immediately upon notice to End User of its failure to meet its responsibilities under this Agreement.

7.4. This Agreement may not be assigned without the written consent of the other party.

Section 8. Notices.

CenterPoint Energy, Commercial & Industrial Sales, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038~~Energy Sales Department: 800 LaSalle Ave., Floor 14, Minneapolis, MN 55402~~, 612-321-4330

End User: ____

____

____

Section 9. Failure of Gas Supply.

If the End User fails to supply gas to CenterPoint Energy's TBS, End User will bound by the provisions detailed in the Tariff.

Section 10. Waiver of Liability.

End User will hold CenterPoint Energy harmless from all claims for damages resulting from any termination of gas service caused by End User's failure to deliver gas to CenterPoint Energy's TBS.

Section 11. Supplying Copies of Contracts.

Prior to any transportation by CenterPoint Energy under this Agreement, End User will provide CenterPoint Energy with copies of all contracts used to procure and deliver natural gas to CenterPoint Energy's TBS. However, End User need not provide price information contained in such contracts.

Section 12. Applicable Law and Regulation.

This Agreement will be construed in accordance with the laws of the State of Minnesota. However, notwithstanding any of the terms or conditions of the Agreement, the Tariff shall govern. If a change in the Tariff creates a conflict with any section of this Agreement, either party may cancel this Agreement immediately upon delivery of written notice of such cancellation to the other party. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.

Section 13. Complete Agreement.

This Agreement and the Tariff constitute the parties' complete agreement. With the exception of changes to the Tariff, this Agreement cannot be changed except in a writing signed by both parties.

CENTERPOINT ENERGYRESOURCES CORP., d/b/a CenterPoint Energy Minnesota Gas

By:____

Title: ____

Dated: ____

END USER

By:____

Title: ____

Dated: ____

MARKET RATE SERVICE AGREEMENT

This Market Rate Service Agreement ("Agreement") is effective as of the _________ day of ___________, 20~~______~~__, between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038~~800 LaSalle Avenue, Floor 14, Minneapolis, MN 55402~~ and _______________("Customer"), for service at _________________________________, account # _________________________.

This agreement is subject to CenterPoint Energy's currently effective and applicable Market Rate Service Tariff or Rider on file with the Minnesota Public Utilities Commission, as it may be changed from time to time ("Tariff").

Customer is a consumer of natural gas, with the capability of obtaining energy supplies from other suppliers not regulated by the Minnesota Public Utilities commission and is subjecting CenterPoint Energy to effective competition as defined in Minnesota Stat. §216B.163. Accordingly, CenterPoint Energy agrees to provide service on a market rate basis.

CenterPoint Energy and Customer agree as follows:

1. The minimum term of the Agreement is one year from the effective date of Agreement. Upon expiration of the initial term, this Agreement shall continue in effect for subsequent 30 day periods until terminated by either party providing 30 days written notice to the other party.
2. During the term of the Agreement, Customer shall only receive service from CenterPoint Energy under the applicable Market Rate tariffs for natural gas sales or transportation service.
3. Natural gas or natural gas transportation shall be priced during the term of this Agreement in accordance with the terms of the applicable Market Rate tariff. Pricing during the initial term of the Agreement shall be as follows: ____
4. This Agreement shall be construed in accordance with the laws of the State of Minnesota. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.

IN WITNESS WHEROF, this Agreement was signed by duly authorized representatives of CenterPoint Energy and Customer.

CENTERPOINT ENERGY RESOURCES CORP., d/b/a CenterPoint Energy Minnesota Gas		CUSTOMER	
By:	______________________	By:	______________________
Title:	______________________	Title:	______________________
Dated:	______________________	Dated:	______________________

SMALL VOLUME FIRM/INTERRUPTIBLE GAS SALES SERVICE AGREEMENT~~Small Volume Firm/Interruptible Sales Service Agreement~~

This Small Volume Firm/Interruptible Sales Service Agreement ("Agreement") is between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), and ____________________, a ______________________________ (Proprietorship, Partnership or Corporation), ____ ("Customer") ~~and CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, 800 LaSalle Avenue, Floor 14, Minneapolis MN 55402 ("CenterPoint Energy")~~. Customer is a user of natural gas who meets the requirements for firm/interruptible service as outlined in the applicable Small Volume Firm/Interruptible Sales Service tariff on file with the Minnesota Public Utilities Commission, as it may be changed from time to time ("Tariff"). CenterPoint Energy and Customer agree as follows:

Section 1. REQUIREMENTS AND DELIVERIES.

1.1. **Delivery of Gas**. CenterPoint Energy will sell and deliver pipeline quality gas at ____ (Acct#_______________) on a firm/interruptible basis. The metered volume will be adjusted to account for variations in pressure and temperature and billed accordingly. Gas-using equipment is listed in Appendix A. Customer will notify CenterPoint Energy of any changes in its use of natural gas.

1.2. Customer must elect a base level of daily firm service volume of no less than 25 therms per day, on or before September 1 of each year. Such base level of daily firm service will be effective the following November 1 and will remain in effect for one (1) year. Prior to September 1 of subsequent years, Customer will have the right to elect a different base level of daily firm service (but not less than 25 therms per day), to be effective the following November 1. If Customer does not elect to modify its then-current base level of daily firm service prior to September 1 of subsequent years, the current level shall continue for another one (1) year period. Customer must provide such election pursuant to the Notice requirement in Section 7 herein and must include at a minimum: customer name, account number and the base level of daily firm service volume in therms.

1.3. The initial base level of daily firm service volume is _____ therms.

1.4. The first volumes through the meter, on a daily basis, are billed as firm volumes until the base level of daily firm service volume is reached. All volumes used after the base level is reached are billed as interruptible volumes.

1.5. **Refusal or Disconnection of Service**. CenterPoint Energy will not initiate gas service until all equipment necessary for gas and alternative fuel operation for the interruptible service is installed and performs in compliance with applicable laws, ordinances and codes and Customer meets CenterPoint Energy's credit requirements.

CenterPoint Energy may refuse service or disconnect service without notice for the following reasons:

- Tampering with CenterPoint Energy's equipment;
- The existence of a condition hazardous to Customer; CenterPoint Energy's other customers, employees or equipment; or the public;
- Customer's use of equipment which adversely affects CenterPoint Energy's equipment or service to others.

CenterPoint Energy may refuse or disconnect service upon five days written notice for any of the following reasons:

- Customer's failure to pay a bill when due;
- Customer's violation of CenterPoint Energy 's Rules and Regulations on file with the Public Utilities Commission or city having jurisdiction;
- Customer's breach of this Agreement;
- Customer's failure to provide CenterPoint Energy reasonable access to CenterPoint Energy's equipment;
- Customer's failure to furnish necessary service, equipment or rights-of-way which CenterPoint Energy has specified as a condition for obtaining service.

Disconnection does not relieve Customer of the responsibility to pay CenterPoint Energy for service previously rendered.

Section 2. PRICE, BILLING AND PAYMENT PROCEDURES.

2.1. **Rate for Gas.** Customer will pay the gas rate in the applicable Small Volume Firm/Interruptible Sales Service Tariff approved by the applicable authority. CenterPoint Energy may increase or decrease the rate for changes in the cost of gas pursuant to its Purchased Gas Adjustment Clause.

2.2. **Taxes and Fees.** Customer will pay any tax or fee imposed on all or part of any sale of gas or the gross revenues derived from the sale of gas.

2.3. **Gas Used After Notice of Curtailment**. For all unauthorized gas used after notice of curtailment, Customer will pay the charge for Unauthorized Gas as specified in the Tariff. CenterPoint Energy will provide a 30-day notice of any increase in the charge for unauthorized use of gas.

2.4. **Billing and Payment.** CenterPoint Energy will bill Customer monthly. Payment is due by the due date noted on the bill.

2.5. **Late Payment Charge**. Late payment will be charged as specified in the Tariff.

Section 3. CURTAILMENT.

. **Curtailment.** Customer will provide CenterPoint Energy (and update as necessary) the names and telephone numbers of persons CenterPoint Energy should notify to curtail in Appendix B. Customer will curtail gas usage in excess of Customer's base level of daily firm service upon one hour's notice.

Section 4. SERVICE LINES AND METERING EQUIPMENT.

4.1. **Equipment Furnished by CenterPoint Energy**. CenterPoint Energy will install and maintain necessary gas mains and services, meter, remote meter reading equipment, and regulator equipment to supply natural gas to the CenterPoint Energy meter on Customer's premises. CenterPoint Energy may charge Customer for costs of installation consistent with CenterPoint Energy's Tariff. All equipment furnished by CenterPoint Energy will remain its property and CenterPoint Energy may remove its equipment upon termination of service to Customer.

4.2. **Customer's Equipment**. All piping and equipment downstream of the meter, including telephone lines and any necessary electrical power for remote meter reading equipment, will be installed and maintained by Customer and remain Customer's responsibility. Any inspection by CenterPoint Energy of Customer's piping and equipment will not impose any obligation or liability on CenterPoint Energy.

4.3. **Location on Customer's Premises.** Customer will, without expense to CenterPoint Energy, provide and maintain on the premises, at a location satisfactory to CenterPoint Energy, proper space for CenterPoint Energy's piping, meters, regulators and other equipment.

4.4. **Access to Equipment.** CenterPoint Energy representatives have the right at all reasonable times to have access to its equipment for any reason related to this Agreement, including the right to read meters, make inspections or repairs or remove CenterPoint Energy's equipment. Customer will obtain consent from its lessor, if any, for CenterPoint Energy to enter the premises for these purposes. Access will be granted at all times for emergency purposes.

4.5. **Safekeeping of CenterPoint Energy's Equipment.** Customer will provide for the safekeeping of CenterPoint Energy's meters and other equipment. Customer will reimburse CenterPoint Energy for the cost of any alterations to its property necessitated by Customer, and for any loss or damage to CenterPoint Energy's property due to negligence of Customer, its agents or employees. CenterPoint Energy may suspend or discontinue gas service until any such damage or loss is settled to its satisfaction.

Section 5. ALTERNATIVE OR DUAL FUEL EQUIPMENT.

5.1. **Alternative or Dual Fuel Capability.** Customer must have an operational alternate or dual fuel system installed sufficient to serve Customer's requirements in excess of its base level of daily firm service. The installation and maintenance of the alternate or dual fuel system must comply with applicable codes, ordinances and laws.

5.2. **Alternate Fuel Supply.** Customer will have access to sufficient alternate fuel supplies for all periods of curtailment.

Section 6. TERM.

This Agreement is effective on November 1, subsequent to the date of signing, pursuant to Section 1.2. Thereafter, the Agreement is effective for a minimum term of one (1) year and shall remain in effect until terminated by CenterPoint Energy pursuant to Section 1 or upon either party providing written notice of cancellation by September 1 of the following year. If this Agreement is not terminated as set forth herein, the terms and conditions of this Agreement shall automatically renew and continue in force for consecutive terms of one (1) year each, until terminated by either party upon not less than sixty (60) days prior written notice to the other party. This Agreement supersedes all prior written or oral agreements.

Section 7. NOTICES.

Notices, except as otherwise specified, will be sent to:

CenterPoint Energy, Manager Commercial & Industrial Sales~~Energy Sales~~

505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038~~800 LaSalle Avenue, Floor 14~~

~~Minneapolis, MN 55402~~ Phone: 612.321.4330

NAME	ADDRESS
TITLE	CITY, STATE, ZIP
TELEPHONE NUMBER	***(PLEASE NOTIFY CENTERPOINT ENERGY OF ANY CHANGES IN CONTACTS)***

PROCESS INTERRUPTIBLE GAS SALES SERVICE AGREEMENT

This Agreement ("Agreement") is between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038~~800 LaSalle Avenue, Floor 14, Minneapolis, Minnesota 55402~~ and ________________ ("Customer") for natural gas service to Customer's facility located at ____, **Acct #** _______________________.

Customer has the ability to and agrees to discontinue the use of natural gas when requested by CenterPoint Energy and qualifies for service under CenterPoint Energy's Dual Fuel Sales Service with the exception that Customer does not maintain an alternate fuel capability. This Agreement allows Customer to receive the Dual Fuel Sales Service rate for natural gas usage at the above facility subject to the following conditions:

a) Customer agrees to discontinue the use of natural gas within one (1) hour notice by CenterPoint Energy's Gas Control Department.

b) Customer agrees to supply CenterPoint Energy with the names and phone numbers of three (3) current contact people authorized to receive notice of curtailment, such that at least one of the contacts must be within reach of CenterPoint Energy's Gas Control Department at all times.

c) Customer agrees to pay for telemetry equipment to be installed by CenterPoint Energy on the gas metering equipment serving the customer facility.

d) Customer agrees to hold CenterPoint Energy harmless from all claims or damages resulting from the loss of natural gas service resulting from curtailment or CenterPoint Energy's inability to deliver natural gas to customer's facility.

e) Customer must retain service under the Process Interruptible Sales Service Rider for a minimum of one (1) year.

Customer is subject to all provisions of the Dual Fuel Sales Service Tariff except as otherwise noted herein.

This Agreement will take effect on ________________ and will continue in effect for one (1) year; thereafter, it will continue for successive thirty (30) day periods until terminated by thirty (30) days written notice by either party. This Agreement will immediately terminate on any date on which any applicable statute, regulation or other jurisdictional authority renders it illegal, null or void. Additionally, this Agreement will be subject to termination immediately upon notice to Customer of its failure to meet its responsibilities as defined above or in the Dual Fuel Sales Service Tariff.

This Agreement and the Process Interruptible Sales Service Rider constitute the parties complete agreement. With the exception of changes to the Tariff, this Agreement cannot be changed except in a writing signed by both parties.

This Agreement may not be assigned without the written consent of the other party.

CENTERPOINT ENERGY RESOURCES CORP., ~~CUSTOMER~~
d/b/a CenterPoint Energy Minnesota Gas

By: ________________________________

Title: ________________________________

Dated: ________________________________

CUSTOMER~~CENTERPOINT ENERGY RESOURCES CORP.~~
~~**d/b/a CenterPoint Energy Minnesota Gas**~~

By: ________________________________

Title: ________________________________

Dated: ________________________________

~~**CENTERPOINT ENERGY**~~

DAILY BALANCING SERVICE AGREEMENT

This Agreement ("Agreement") is between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy), 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota 55459-0038 ~~("CenterPoint Energy")~~ and _______________("Customer").

Section 1. Availability.

Service under this Agreement is available to any customer, or to any agent representing a customer or a group of customers, taking service under CenterPoint Energy's Firm or Dual Fuel Transportation tariffs. A copy of CenterPoint Energy's current applicable Transportation Tariff and Daily Balancing Service Rider is attached.

Section 2. General Terms and Conditions.

The obligations of CenterPoint Energy and the Customer under this Agreement are subject to all general terms and conditions of service of CenterPoint Energy's Rate Book. Except as specifically provided herein, all terms and conditions of the applicable Transportation Tariff and related agreements remain in effect. The terms and conditions of the Daily Balancing Service Rider are incorporated by reference into this Agreement.

Section 3. Term.

This Agreement shall be in effect for an initial term of one (1) month commencing on ____________, 20__, and shall remain in effect from month to month thereafter until terminated by either party with thirty (30) days written notice. Changes in the amount of contracted Daily Balancing Quantity must be made at least 5 working days prior to the end of the preceding month.

Section 4. Quantity.

Customer elects the following amount of Daily Balancing Quantity: _______________ Therms.

Section 5. Multiple Accounts.

If a customer or an agent has multiple accounts, they will provide CenterPoint Energy with the names, CenterPoint Energy accounts numbers and the assignment of the portion of the Daily Balancing Quantity elected in Section 4 for each account. Under no circumstances will the total of individual accounts exceed the total quantity elected in Section 4; nor shall such amount assigned to an individual account exceed 20% of the customer's peak day volume.

Section 6. Charges.

The rate for the Daily Balancing Service will be governed by the applicable Rider, copy attached.

Section 7. Suspension of Service.

On gas days when the Company in its sole discretion determines it is experiencing a System Overrun Limitation (SOL), the Company may notify the customer that the Daily Balancing Service is suspended. When service is suspended, the customer shall be required to operate within the nomination tolerances of the applicable transportation rate schedule and will be assessed applicable penalties upon noncompliance with the terms of the transportation rate schedule. CenterPoint Energy will notify customers of the suspension of this service as soon as possible, however, the latest CenterPoint Energy will notify customers of the suspension of this service is by 3:00 p.m. CST of the gas day for which the suspension has been called.

MINIMUM VOLUME AGREEMENT

This Minimum Volume Agreement ("Agreement") is made this ____ day of ____________, 20__, between CenterPoint Energy, a Minnesota corporation ("CenterPoint Energy") 505 Nicollet Mall, Minneapolis, Minnesota 55459-0038, and ____________________, (the "Customer") (collectively, the "Parties"). The Customer owns the property located at________________________________ (the "Project") and desires to have natural gas service installed. CenterPoint Energy is a natural gas public utility and desires to serve the Project. Therefore, the Parties agree as follows:

Section 1. SERVICE.

CenterPoint Energy agrees to serve natural gas to the Project at a flow rate of ________MCFH and a delivery pressure of __________PSIG. The Customer represents and warrants to CenterPoint Energy that it is the owner, or authorized agent of the same, of all property within the Project.

Section 2, OWNERSHIP AND EASEMENTS.

All natural gas mains and/or services installed by CenterPoint Energy shall be and remain the property of CenterPoint Energy, and neither Customer nor its contractors shall acquire any right, title or interest in any gas main and/or services installed under this Agreement. The Customer hereby grants to CenterPoint Energy all easements necessary or desirable on Customer's Property for the installation and operation of all natural gas mains and other facilities as needed by CenterPoint Energy.

Section 3. AUTHORITY AND CONFIDENTIALITY.

Each Party warrants that it has full right, power and authority, and has received all required approvals to enter into this Agreement and to perform fully its obligation hereunder. Each Party Agrees that the terms of this Agreement are confidential and may not be disclosed without the other Party's prior written consent. Notwithstanding the foregoing, CenterPoint Energy may disclose confidential information if required to do so by a government regulatory agency.

Section 4. ASSIGNMENT OF AGREEMENT.

This Agreement cannot be assigned without CenterPoint Energy's prior written approval. If Customer does not obtain approval, Customer will remain liable for payment of gas service. The Customer may not assign this Agreement without CenterPoint Energy's prior written consent. This Agreement, any applicable Service Agreement(s) and the Tariff constitute the parties' complete agreement. With the exception of changes to the Tariff, this Agreement cannot be changed except in a writing signed by both parties.

Section 5. MINIMUM VOLUME COMMITMENT.

CenterPoint Energy agrees to serve the Project, as described in Paragraph 1 above, based upon the anticipated revenue from serving the Project. To justify service to the Project the Customer agrees to purchase an Annual Minimum Volume (AMV) of _____ Therms per year for the term of the Agreement. Beginning on the nearest billing cycle to_________ and for each subsequent 12 month period ("AMV Year"), in the event of an annual shortfall, the Customer shall be billed the difference between the AMV and the actual delivered volume at a rate consistent with the then current price for the ____________ rate class, rate code______________, on the last month of the applicable AMV Year. The AMV shall be reduced by the quantity of Therms associated with all of Customer's qualifying Conservation Improvement Program ("CIP") projects on a pro-rata basis for the first AMV Year and in full for all subsequent AMV Years. Rate information is available in the Rate Schedules of CenterPoint Energy's Gas Rate Book, which can be accessed on CenterPoint Energy's website, www.centerpointenergy.com and are on file with the state regulatory commission.

Section 6. ADDITIONAL TERMS.

Additional terms, if any, are included in Attachment B, which is incorporated herein by reference.

Section 7. NOTICES.

Notices, except as otherwise specified, will be sent to:
CenterPoint Energy, Energy Sales
Customer____
505 Nicollet Mall
____
Minneapolis, MN 55459-0038 Phone: 612.321.4330
____

Section 6. TERM.

This Agreement is effective when signed by both parties and remains in effect until ____________ or until terminated by CenterPoint Energy upon 30 days written notice. This Agreement supersedes all prior written or oral agreements.

CENTERPOINT ENERGY	**CUSTOMER(S)**
By: _______________________	By: ____________________________
Title: ______________________	Title: ___________________________
Dated:_____________________	Dated: __________________________

New Market Development Agreement

This New Market Development Agreement ("Agreement") is entered into between ___________________ ___________________, a _____________________________ (Proprietorship, Partnership or Corporation) hereinafter called "Developer", and CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, 505 Nicollet Mall, Minneapolis MN 55402, hereinafter called "Company". Based on mutual consideration, which is hereby acknowledged, the Developer and the Company agree as follows:

Section 1. OBLIGATIONS

1.1. Company is a natural gas distribution utility that will serve the hereinafter described Project.

1.2. Developer is developing said Project and agrees that Company has the exclusive right to be the sole natural gas provider and install natural gas mains and service lines to all residential single family unit(s) (condo, apartment, townhome or home), and commercial and industrial structures of any kind in said Project hereinafter called "Customer"; and Developer will contractually require all builders within the Project to adhere to the terms set forth herein; and, if Developer sells any or all of the land within the Project, it agrees to include the terms of this Agreement in the purchase contract(s) to ensure the new owner(s) abide by these terms.

1.3. Developer recognizes that the requested gas mains and service lines will necessitate a capital investment on the part of the Developer by way of contribution in aid of construction or on the part of the Company or both.

1.4. Company and Developer agree to the terms of this agreement, as specified in Exhibit A for the requested natural gas main and service line extension(s) and; Developer understands that the terms of Exhibit A are contingent upon the number and type of natural gas customer(s) and respective natural gas equipment/load requirements the Developer has represented to Company will exist in the Project as described in Exhibit A and Exhibit B. Any change in the number of Customer(s) or type of Customer may constitute a revised Exhibit A of this Agreement between the Company and the Developer.

1.5. Company reserves the right to verify that Developer has complied with all the requirements of this Agreement. Such verification will include, but is not limited to, Developer or builder provided documentation or site check by Company to confirm installation of primary natural gas space heating system for each Customer in the Project. The Developer acknowledges that any type of heat pump is not considered to be a "primary natural gas heating system" and therefore is not allowed.

1.6. If either party breaches this Agreement and the breach is not cured within thirty (30) days after receiving written notice from the other party within such longer period as is reasonably necessary to cure the breach, in no event to exceed an additional ninety (90) days, then breaching party will be liable for the other party's reasonable attorneys' fees and for damages directly caused by such breach.

Section 2. APPLICABLE LAW AND REGULATION

2.1. The obligations of Company and Developer under this Agreement are subject to laws of the State of Minnesota, and;

2.2. The Company's currently effective and applicable Tariffs and Riders on file with the Minnesota Public Utilities Commission ("Tariff") except as specifically provided herein.

Section 3. AUTHORITY

The persons signing this Agreement have the real and apparent authority to bind the respective parties. Developer represents and warrants that it has sole authority for selecting the natural gas supplier for the Project(s).

Section 4. TERM

This Agreement is effective when signed by both parties and remains in effect for ____________ (_____) years or until the construction of all customer structures in this project are complete.

Section 5. COMPLETE AGREEMENT

This Agreement and the Exhibits, attached and made a part of this Agreement, constitute the parties' complete agreement. With the exception of changes to the Company's Tariffs, this Agreement cannot be changed except in a writing signed by both parties.

CENTERPOINT ENERGY RESOURCES CORP., d/b/a CenterPoint Energy Minnesota Gas	DEVELOPER
	(COMPANY)
(NAME)	(NAME)
505 Nicollet Mall (ADDRESS)	(ADDRESS)
Minneapolis, MN 55402 (CITY, STATE, ZIP CODE)	(CITY, STATE, ZIP CODE)
(SIGNATURE)	(SIGNATURE)
(TITLE)	(TITLE)
(DATE)	(DATE)

Exhibit A

Agreement Specifications;

Both parties agree that the terms of this Exhibit are confidential and may not be disclosed without the other Party's prior written consent.

Developer warrants the following customer types, numbers, and primary natural gas space heating equipment/load specifications for this project.

Customer Type	Customer Count	Equipment/Load Requirements

CenterPoint Energy, in consideration of being granted exclusive rights to deliver natural gas to each customer described above will design and install natural gas main and/or services, and;

Will (insert any additional conditions here), ____

____

____

____

____

____

____

____

EXHIBIT B

Plat Map identifying Project scope and Customer type

~~CONSERVATION ENABLING RIDER (CE RIDER)~~

1. ~~**Purpose:**~~

~~The purpose of this Conservation Enabling Rider is to reduce CenterPoint Energy's financial disincentive to the promotion of energy efficiency and conservation by severing the link between the recovery of CenterPoint Energy's non-gas distribution costs and the volume of gas sales to its small volume firm customer rate classes. This will be accomplished by comparing the level of non-gas revenues authorized in the last general rate case adjusted for increases in customer counts to the level of weather normalized non-gas revenues collected by rate class to calculate either a class revenue shortfall or revenue surplus. If either a revenue shortfall or a revenue surplus exists in an applicable rate class, then the delivery charge per therm for that rate class will be increased or decreased to collect from or return to the applicable rate class the calculated revenue shortfall or revenue surplus. This rider complies with the legislative intent and the language of Minnesota Statutes, Section 216B.2412 Decoupling of Energy Sales from Revenues.~~

2. ~~**Applicability:**~~

~~This rider shall apply to CenterPoint Energy's small volume firm service customers receiving gas service throughout CenterPoint Energy's service territory under the Residential Sales Service and the Small Volume Commercial and Industrial Sales Service rate schedules.~~

3. ~~**Evaluation Report Filing and Review:**~~

~~No later than March 1 of the calendar year following Minnesota Public Utility Commission (MPUC) approval of the CE Rider, and then no later than March 1 of each year thereafter until such time the CE Rider terminates as specified in Section 4 Expiration of CE Rider, CenterPoint Energy shall file annually with the Minnesota Public Utility Commission an Evaluation Report calculating the CE Rider adjustments, if any, in accordance with the provisions of Section 5 Calculation of CE Rider Adjustment. CenterPoint Energy shall provide workpapers and data supporting the calculations reflected in the Evaluation Report. The Evaluation Report shall reflect the annual Evaluation Period, which for the first Evaluation Period shall begin with the bills rendered on the first day of the month succeeding the implementation of final rates approved in Docket No. G-008/GR-08-1075 until December 31 of that year, and then for the succeeding Evaluation Periods shall be the twelve-month period ended December 31 of the year immediately preceding the filing of the associated Evaluation Report. The CE Rider Decoupling Adjustment may not be implemented until CenterPoint Energy's Evaluation Plan has been approved by the MPUC.~~

~~The applicable rate adjustment under the CE Rider shall be effective with bills rendered on or after March 1 of the year in which the Evaluation report is filed and will continue for twelve months. At the end of the twelve month collection period, any remaining amounts to be collected from or refunded to customers will be added to or subtracted from the Annual CE Rider adjustment for the next CE Rider filing. If the CE Rider is terminated before or not extended at the end of the three year pilot period, then the current CE Rider rate adjustment will continue in effect until the full amounts are either collected from or refunded to customers.~~

~~In the event any portions of the proposed rate adjustments are modified by the Minnesota Public Utility Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.~~

~~CenterPoint Energy shall record its best estimate of the amounts to be recognized under the CE Rider so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the CE Rider calculations with the Commission, and again upon final Commission approval.~~

4. ~~**Expiration of CE Rider:**~~

~~The CE Rider will be effective for a pilot period of the thirty-six (36) months from the start of the initial Evaluation Period. However, CenterPoint Energy may request authorization to extend the effective period of the CE Rider.~~

Reserved For Future Use

~~**5. Calculation of CE Rider Adjustment:**~~

~~The CE Rider Adjustment will be calculated annually and on a class-by-class basis for each class of customers to which the CE Rider applies and will be applied on a per therm basis. For purposes of calculating the CE Rider Adjustment, the following terms shall be defined as follows:~~

~~Authorized Revenue Per Customer - the rate schedule non-gas revenue requirements divided by the number of customers used to determine the final rates for the applicable rate class resulting from CenterPoint Energy's last general rate case.~~

~~Allowed Revenues – Authorized Revenue Per Customer multiplied by the number of customers in the applicable rate class, calculated each month of the twelve month Evaluation Period, and summed.~~

~~Weather Normalized Revenues – the actual non-gas revenues for the twelve-month evaluation period ended December 31 adjusted for non-normal weather, unbilled non-gas revenues, and adjusted to exclude revenues associated with the Conservation Improvement Program Adjustment Rider, the Gas Affordability Service Program, the Franchise Fee Rider, and other non-rate class specific revenues. For purposes of this rider, normal weather shall be defined as the number of monthly heating degree days used to set final rates in the Company's most recent general rate case. Non-gas revenues will be adjusted using the general rate case use-per-customer sales forecast model coefficients for weather – Heating Degree Days (HDD) and 20 year average weather for 1989-2008.~~

~~The CE Rider Adjustment shall equal the Allowed Revenues less the Weather Normalized Revenues, divided by the class forecast volumes for the twelve-month period beginning March 1 of the year the Evaluation Report is filed for the applicable rate classes.~~

~~The CE Rider Adjustment for the applicable rate classes *to collect an under-recovery amount of non-gas revenues* will be capped at *+3%* of the total volumetric charge for each of the rate classes, *while the CE Rider adjustment for the applicable rate classes to return an over-recovered amount of non-gas revenues shall not be capped*. The average of the total actual volumetric rates effective for the most recent twelve months available prior to the filing of the CE Rider Evaluation Report will be used to calculate the total volumetric charge used to apply the cap.~~