



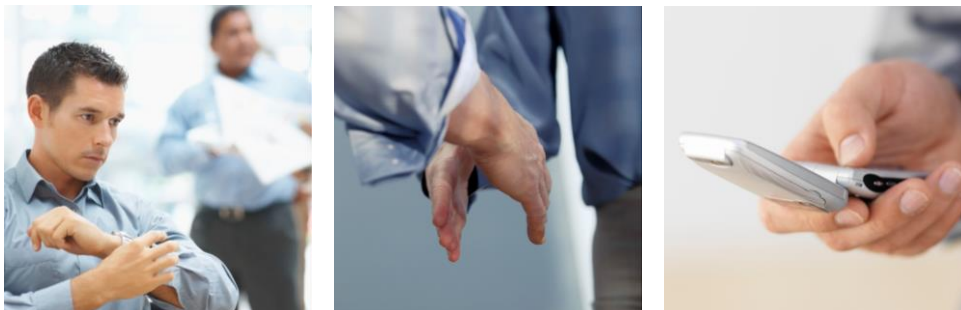
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Healthcare Customer Symposium



September 13, 2016

Mission



To foster enhanced communication and strengthen long-term relationships with high valued customers through a trusted energy partnership.

Agenda



10:00 a.m.	Registration and conversation
10:15 a.m.	Welcome and introduction. Gregory Knight
10:20 a.m.	CEO update Scott Prochazka
10:50 a.m.	Electric reliability update Kenny Mercado
11:10 a.m.	Natural gas reliability update Randy Pryor
11:30 a.m.	Natural gas market update. Joe Vortherms
11:50 a.m.	Lunch and conversation
12:20 p.m.	Keynote presentation. Shawn Cloonan
1:20 p.m.	Question and answer panel. All presenters
1:50 p.m.	Summary and closing remarks Gregory Knight



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This presentation and the oral statements made in connection herewith may contain statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future operations, events, financial position, earnings, growth, revenues costs, prospects, objectives, capital investments 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. You should not place undue reliance on forward-looking statements. 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,” “project,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “will,” or other similar words. The absence of these words, however, does not mean that the statements are not forward-looking.

Forward-looking statements in this presentation include statements about natural gas prices, natural gas storage inventories, and natural gas supply vis-à-vis demand, electric reliability, and natural gas reliability. We have based our forward-looking statements on our management's beliefs and assumptions based on information currently 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.

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CenterPoint Energy Overview Video



CEO Update

Scott Prochazka
President & CEO

Topics



- National, state and local perspectives on trends in electricity and natural gas
- Our participation in and perspective on distributed energy resources
- Houston's population and employment forecast
- CenterPoint Energy's investments for growth, reliability, and safety
- Our value proposition

Electricity and natural gas trends



Ever-growing Consumer



Changing Regulatory Environment



Increasing Capital Investment



Emerging Energy Technologies



Distributed Solar



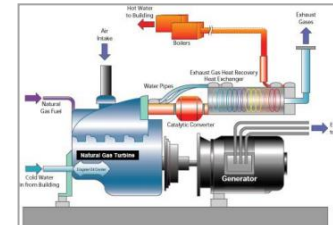
Utility-Scale Solar



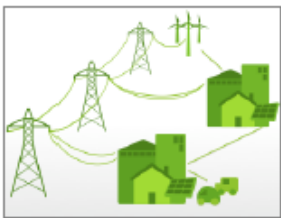
Wind



Fuel Cells



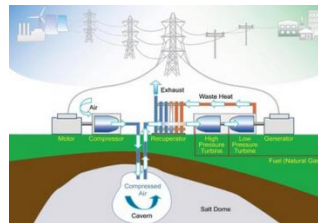
Combined Heat & Power



Energy Efficiency



Battery Storage



Compressed Air Storage



Microgrids



Electric & Gas Vehicles

Market Environments for Emerging Energy Technologies



Central Planning

Regulators establish comprehensive regulatory framework and compact that defines utility roles, responsibilities, and financial incentives and penalties



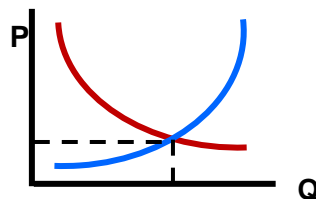
Infrastructure Incentives

Programs and mechanisms to promote development of certain kinds of energy infrastructure are established



Technology-Rich

Legal or regulatory requirements are established that put a “finger on the scale” for certain technologies



Market-Based

Market and competitive forces are relied upon to allocate resources, select technologies, and compensate market participants



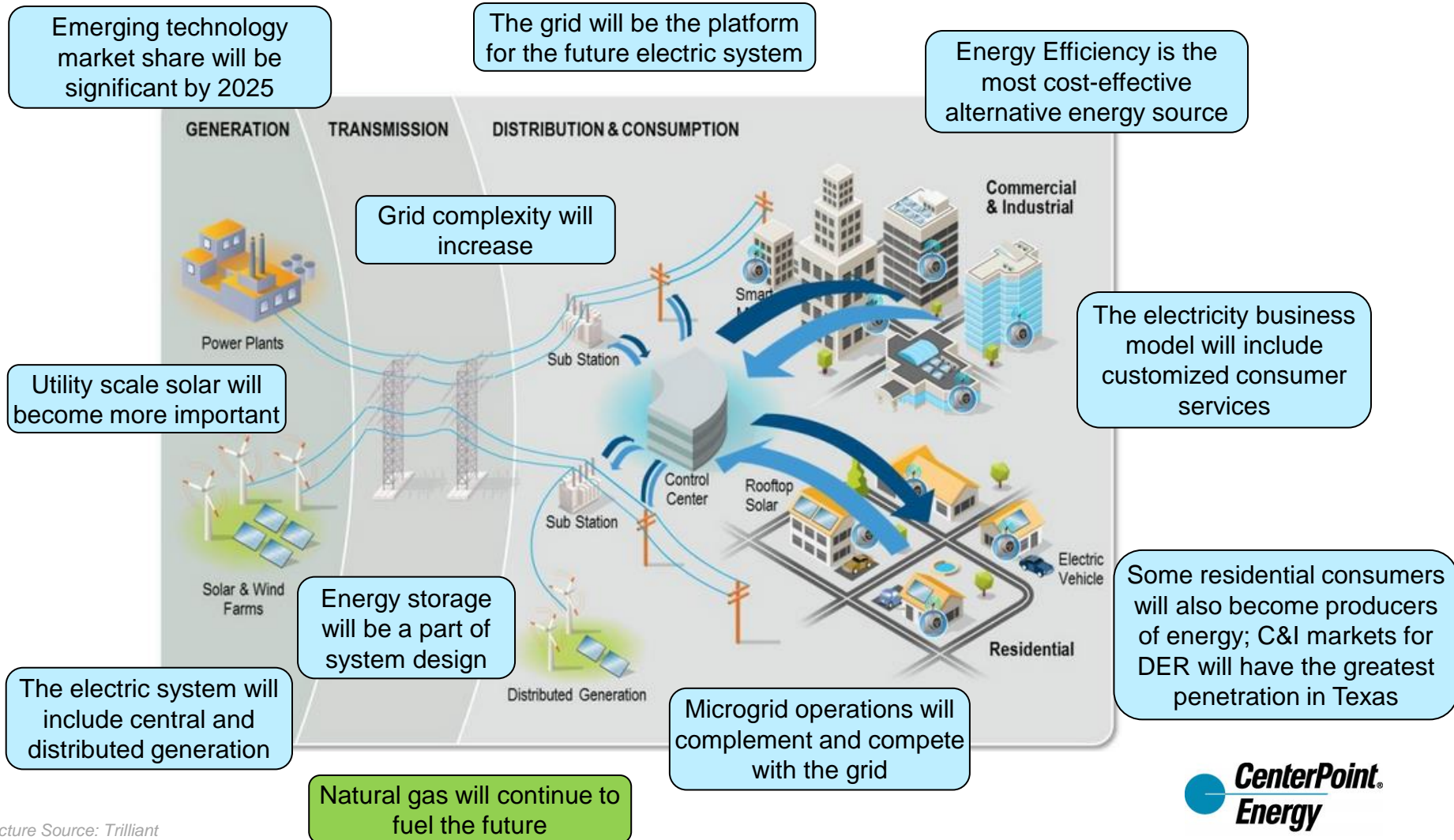
Incentive Subsidies

Special tariff or other subsidies (including tax credits) are established to encourage certain types of resources or utility behaviors



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Our beliefs about the utility of the future



Picture Source: Trilliant

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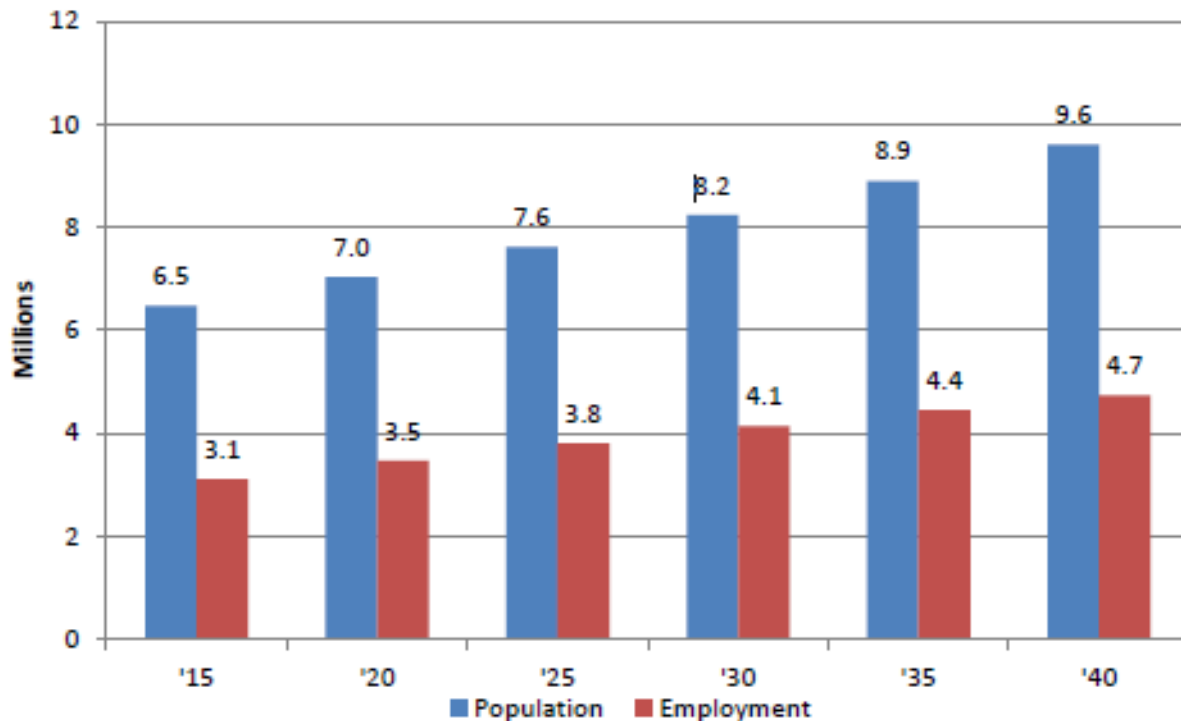
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Population and employment forecast



The Perryman Group forecasts Houston's population and employment to grow faster than the state and the nation over the next 25 years.

**Population and Employment
Houston-The Woodlands-Sugar Land MSA**



Source: The Perryman Group, Summer 2016



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CNP is Building the Grid of the Future



Smart Meters



Intelligent Grid



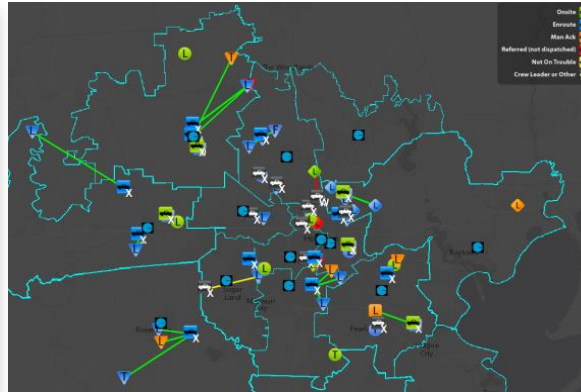
Real-time usage data



Power Alert Service



Big Data Analytics



Internet of Things



CNP is Improving Customer Satisfaction While Reducing Carbon Emissions



CenterPoint Energy is a first-mover in new gas leak detection systems which improve our ability to identify gas leaks



Drive-by Advanced Meters virtually eliminate the need to enter home- and business-owners' property and lowers our carbon footprint



Pipeline replacement programs accelerate the replacement of aging gas pipelines increasing the efficiency and safety of our gas distribution system



Predictive Analytics Engine predicts the most likely reason for a customer call, either providing all necessary information or reducing the call agent handling time

Our value proposition

Where we started – traditional utility model



Yesterday

- **Businesses**

- Transformation from integrated electric utility to wires and poles
- Competitive natural gas supply
- Regulated natural gas sales and delivery

- **Focus**

- Safe and reliable infrastructure
- Success measured by frequency of outage, length of outage

- **Responsive customer engagement**

- Success measured by % of calls answered in x time
- Responsive to regulatory issues

- **Customer Expectations**

- Measured against a traditional utility experience
- Trailing other industries in advanced tools (apps, social media, CSAT metrics etc.)

Customer engagement predominately event-driven.



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Our value proposition

Where we are headed – drivers for evolution



Rising customer expectations across industries

Evolution of electrification in delivery of medical services

Need for enhanced reliability, seamless backup generation

Today

- **Deliver energy**

- Electricity and natural gas delivery
- Competitive natural gas supply
- Still focused on safety and reliability

- **Deliver service**

- Customized products
- Self-service capabilities
- Proactive communications (PAS)
- Enhanced reliability solutions
- Utility or competitive solutions/partnerships

- **Deliver value**

- Lower energy costs
- Less change of equipment disruption/damage
- Allows customers to focus on core competencies/skills

Customer engagement is proactive, enterprise and seamless



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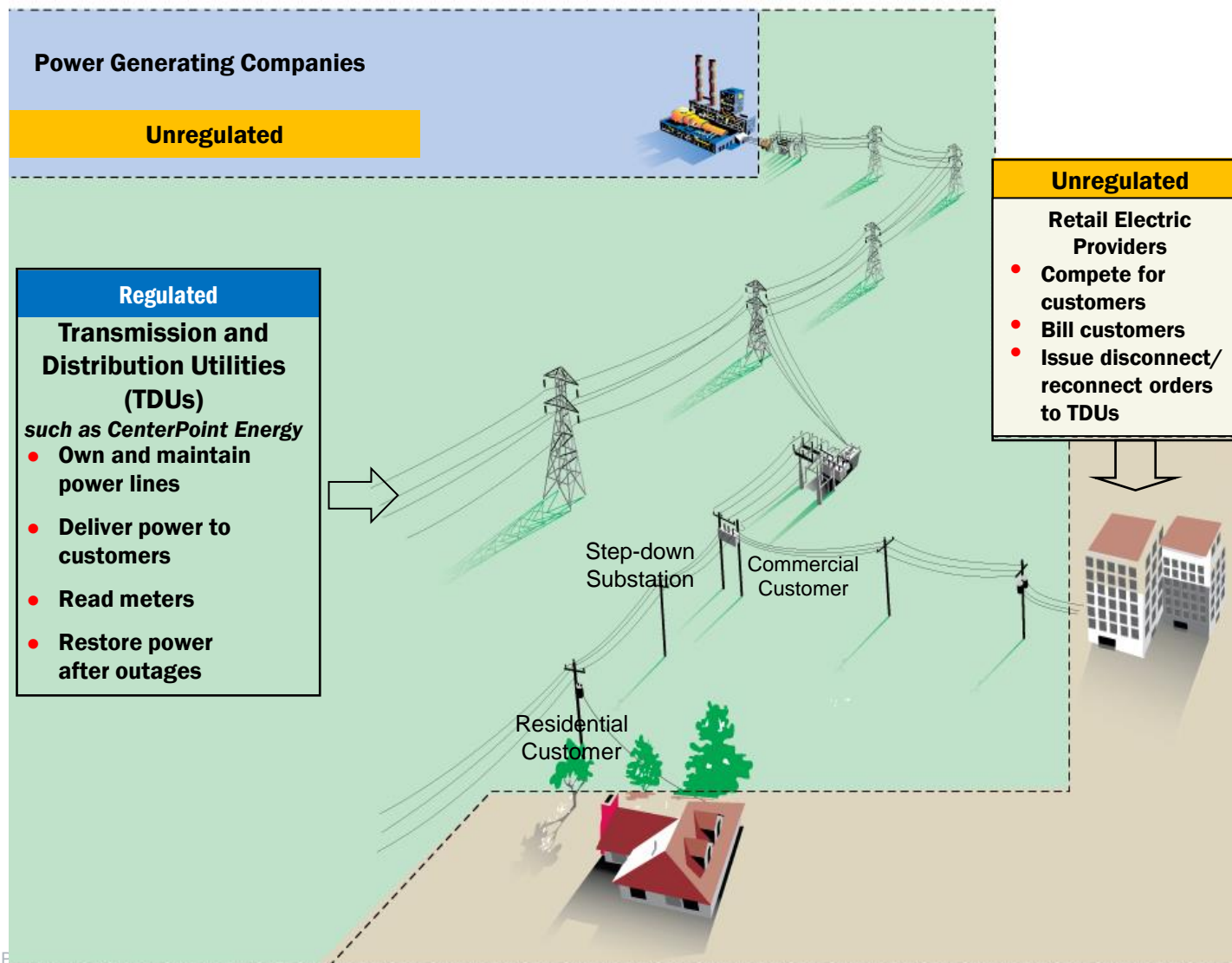


Electric System Reliability Update

Customer service through reliability

Kenny Mercado
Senior Vice President Electric Operations

The Texas Electric System

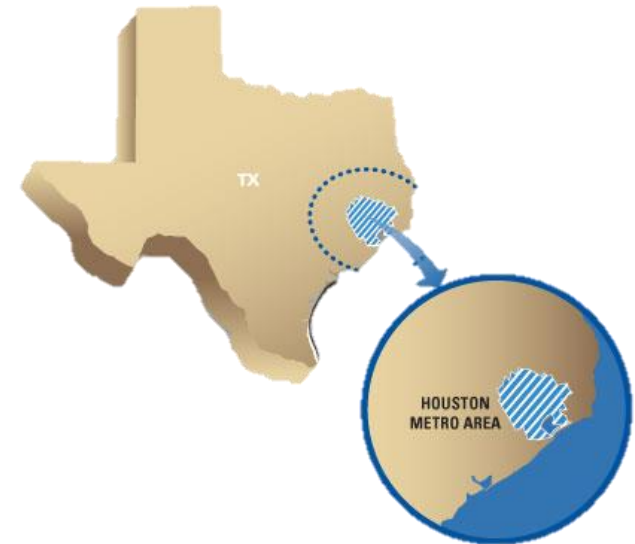


Electric Transmission & Distribution



- Customers consist of more than 69 retail electric providers that sell electricity to over 2.3 million metered customers in a 5,000 square-mile area that includes the vast majority of the Houston/Galveston metropolitan area
- Owns and maintains:
 - 51,594 miles of overhead and underground distribution lines
 - 3,749 miles of overhead and underground transmission lines
- Delivered 84.2 million megawatt-hours
- Experienced 2% customer growth, nearly 55,000 new meters
- Invested a record \$934 million in capital projects
- Expect to invest \$3.7 billion over next 5 years

Electric Transmission and Distribution



Source: Form 10-K

Why Isn't Dedicated Underground Used Everywhere?



Because of the Cost...

- Nearly 40 times the cost of overhead construction
- \$1,000 – \$1,200 per foot converted
- \$28 Billion to convert distribution grid, plus: *
 - \$37,000 additional per commercial customer
 - \$2,400 additional per residential customer

*FINAL REPORT Cost-Benefit Analysis of the Deployment of Utility Infrastructure Upgrades and Storm Hardening Programs by Quantum Technology for the Public Utility Commission of Texas, March 4, 2009

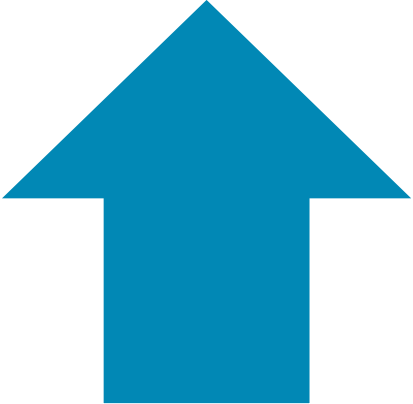


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System Design Comparison



Overhead Construction

- 
- Standard service approved by PUCT
 - Lines exposed to weather, vegetation, wildlife, traffic
 - More events recently with frequent storm activity
 - Outage/blink mitigation methods available

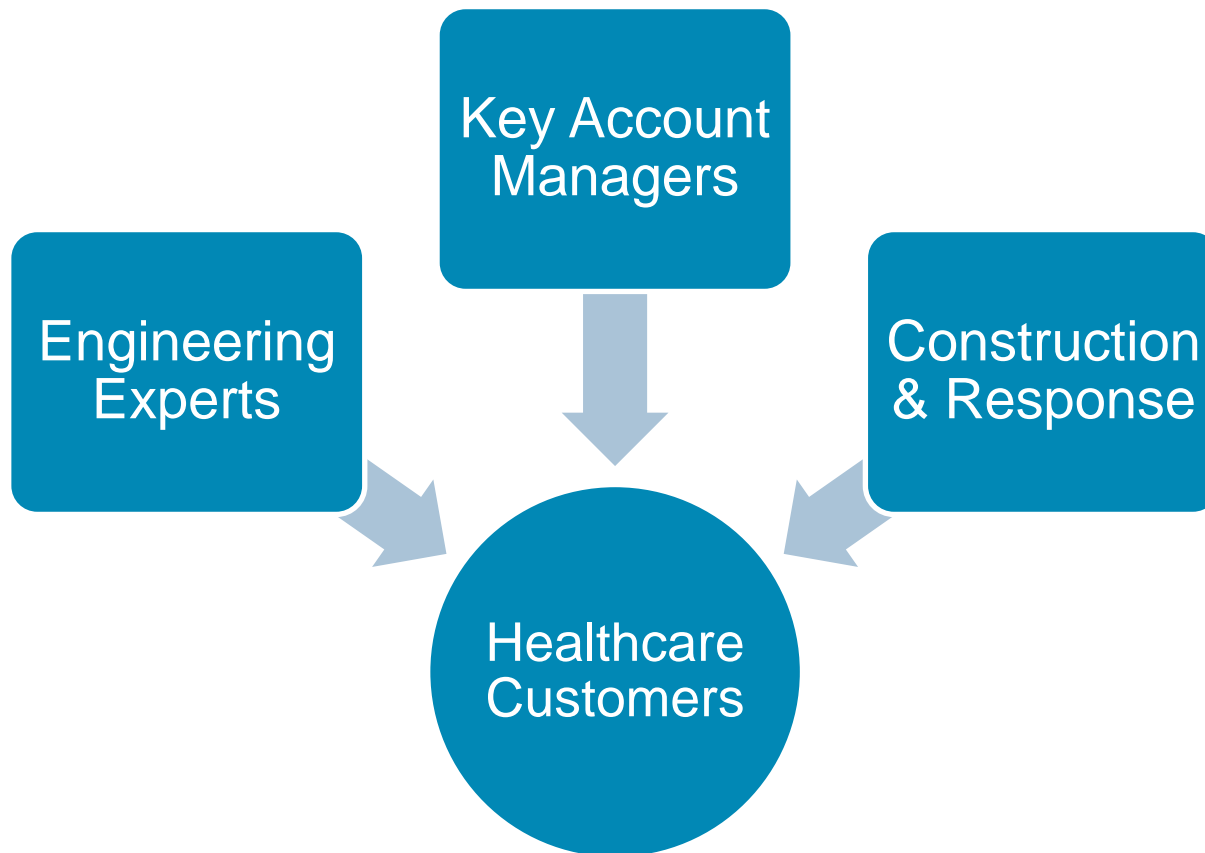
Dedicated Underground

- 
- Area approved by the PUCT
 - Includes Texas Medical Center, Downtown and Galleria
 - Highly dense load centers

Dedicated Team



All Hospitals are treated equally with specialized resources.



We are modernizing and advancing the reliability of the grid



- Deploying intelligent grid with advanced management system
- Utilizing real-time situational awareness to restore services
- Crews are mobile managed and electronically dispatched
- Trees trimmed on proactive cycles
- Maintenance includes regular scheduled infra-red, wood pole replacements and inspection programs

Workshop – details coming soon



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Good news! There are mitigations...



- Possible option for premium two circuit roll-over services
- **On your side of the meter:**



TVSS



Transformer



Sag Corrector



Battery UPS



**Dip proofing
inverter**



**Lightning protection
system**



Rotary UPS

Addicks Operation Center



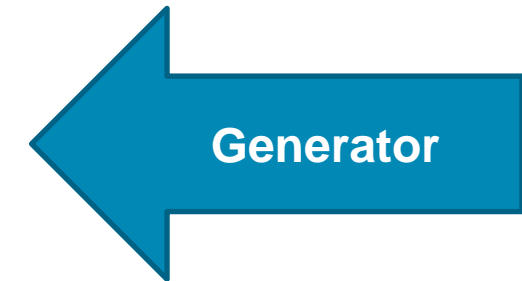
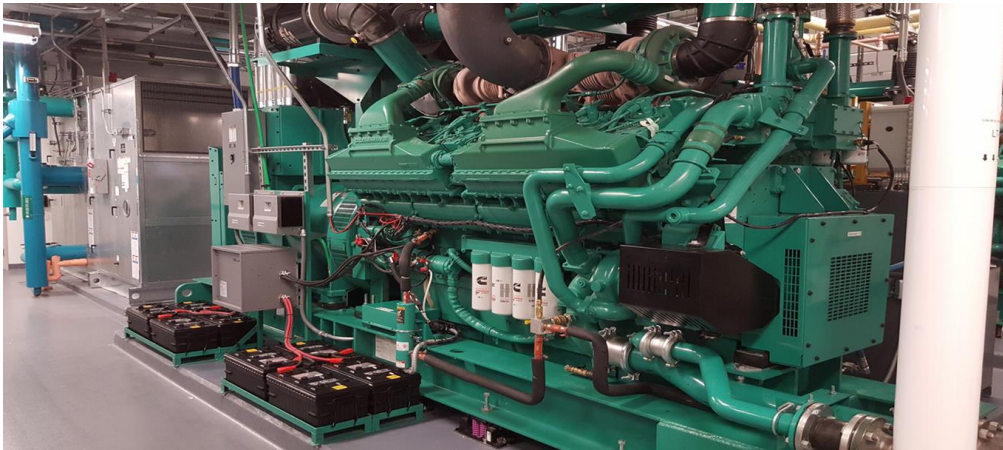
CenterPoint- Addicks
Operation Center

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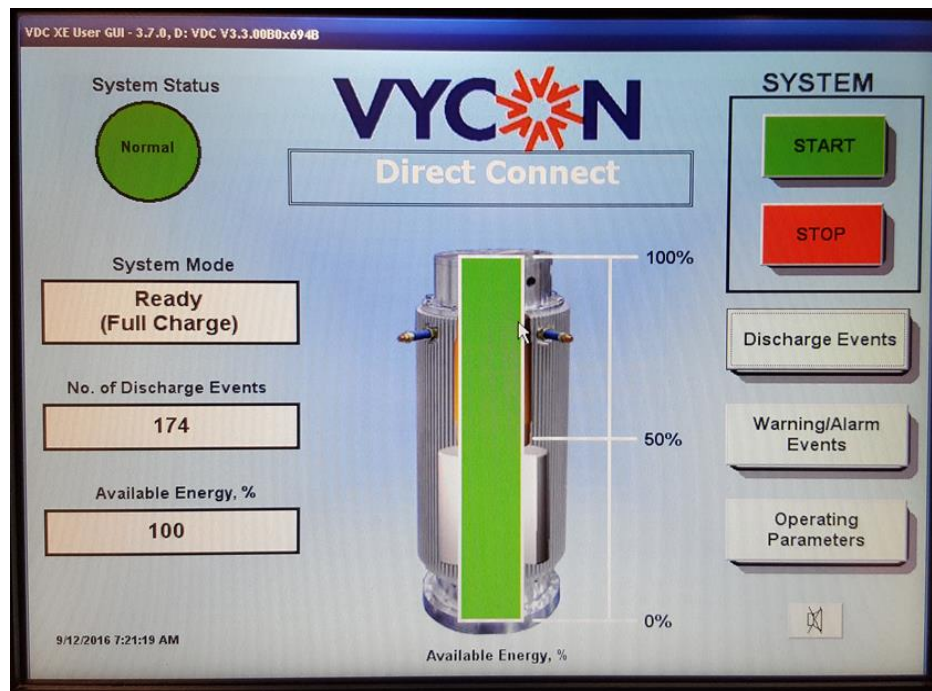


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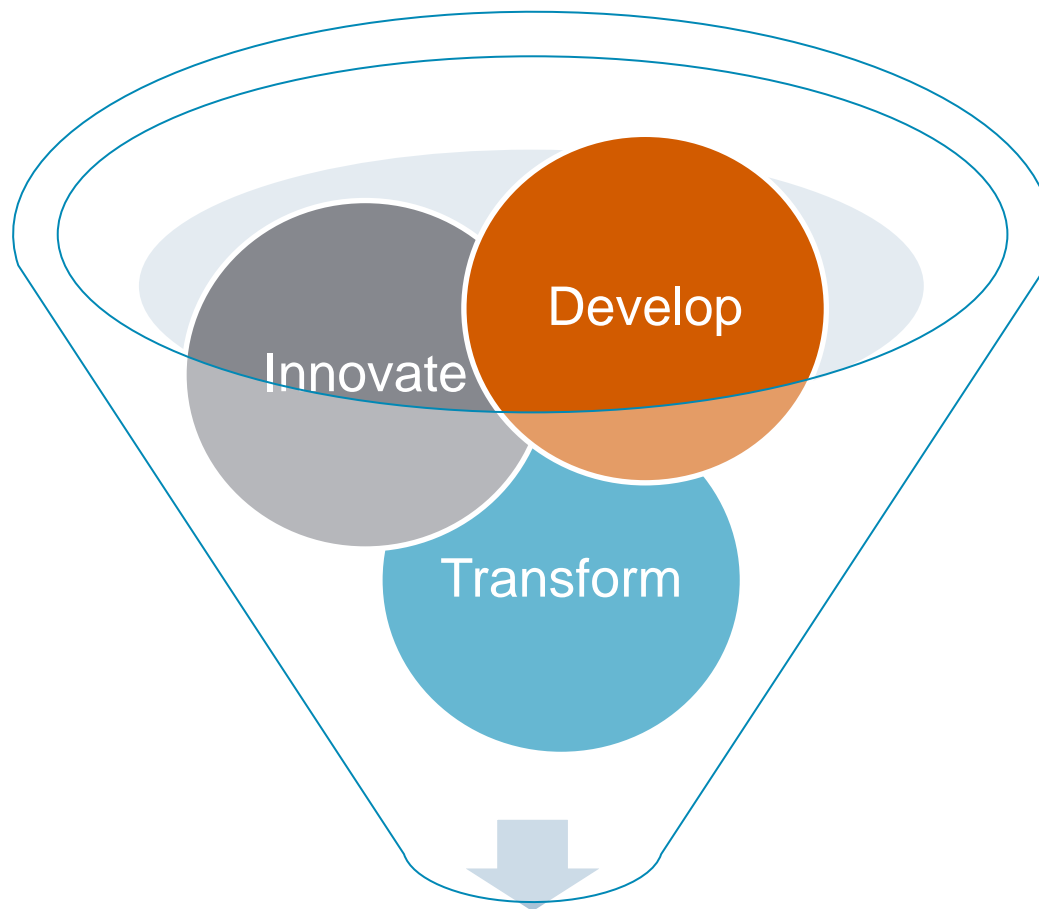
Addicks Operation Center



Addicks Operations Center



Let's do this together



Reliability Solutions



Natural Gas System Reliability

Customer service through reliability

Randy Pryor
Division VP Texas Gas Operations

Natural Gas Distribution

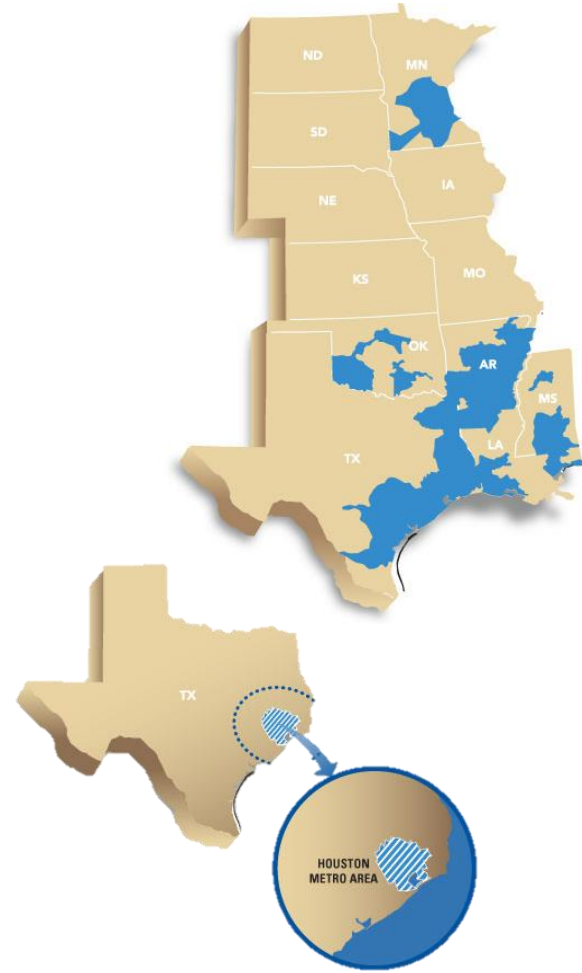


Gas Operations

- Serves approximately 3.3 million customers in six states
- Owns and operates approx. 120,000 miles of main and service lines
- Growth of more than 40,000 customers in 2015
- Invested \$600 million of capital in natural gas infrastructure in 2015
- Capital spending will remain high as we modernize our infrastructure for safety and reliability

Houston Metro Gas Operations

- Houston Market serves ~1.3 million customers
- Owns and operates over 34,000 miles of main and service lines
- Growth of nearly 30,000 customers in 2015
- Invested \$140 million of capital investments in natural gas infrastructure in 2015

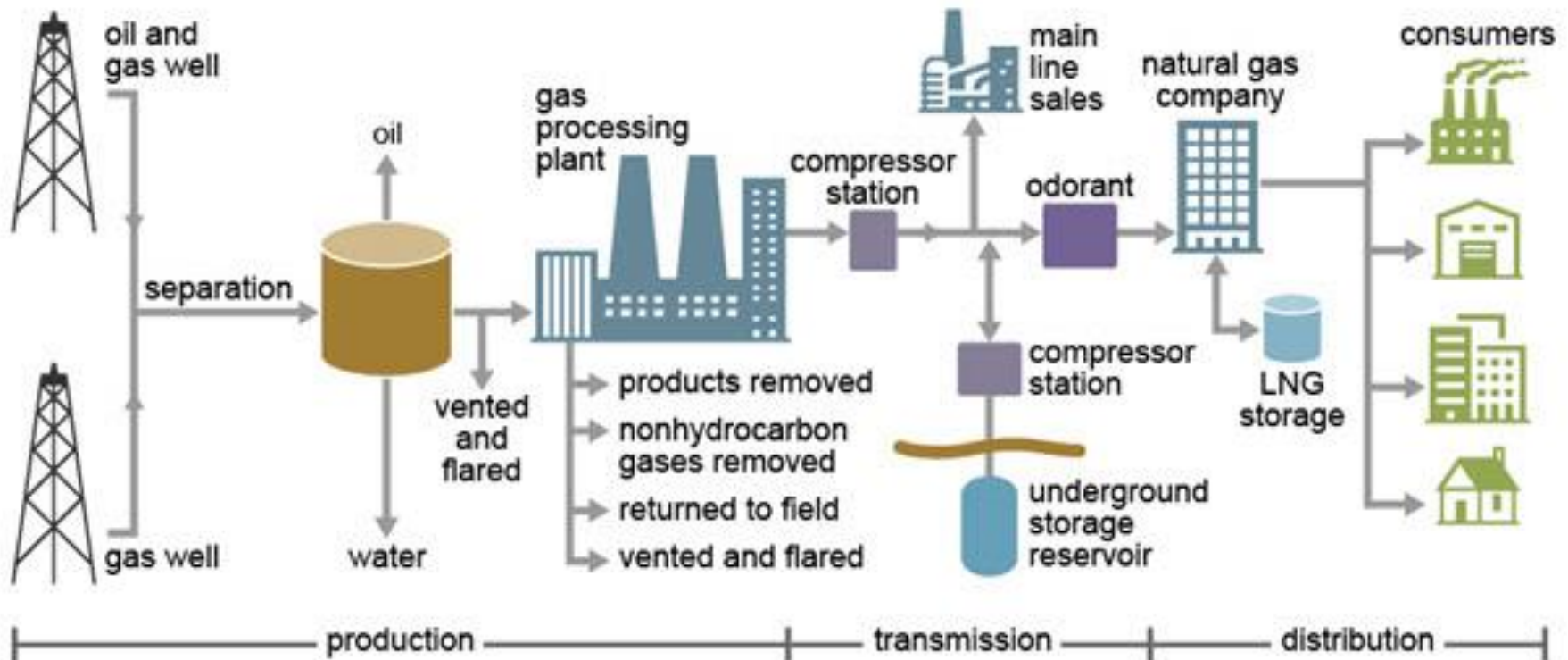


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Natural Gas Wellhead to Burnertip



Natural gas production and delivery



Approach to System Reliability



- Gas Supply
- Planning
- Maintenance & Operations
- System Integrity & Mitigation

System Reliability Gas Supply



CenterPoint Energy's goal is to provide a dependable gas supply under a variety of operating and market conditions. This is accomplished with relationships with most of the pipeline suppliers in the Houston Metro area.

- **Diversification** – Combination of gas supply contracts, storage and other instruments that yield a balance of reliability and reduce price volatility
- **Reliability** – Gas will be available when customers demand under a wide variety of operating and market conditions.
- **Reduced Price Volatility** – Mixture of supply at market price and storage withdrawal price stabilize the gas supply costs.
- **Reasonable Price** – The costs of supply will be reasonable based on market conditions.



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System Reliability System Planning



- Design for Redundancy
 - Multiple feeds (Integrated System)
 - Hardened system
- System reinforcement Modeling for Future Load and Volume Growth
- Integrated work force between Engineering, Marketing and Operations Departments

System Reliability Maintenance and Operations



- Remote Pressure Monitoring and Control
- Line Locating – Areas involving large amounts of construction are monitored
- Annual Inspections
 - Pressure control
 - Key Valves & Pipe Patrol
- GIS Mapping System
- Supplier Relationships – Integrity Pipeline Shutdowns
- Key Customer Meetings
- Mobile Supply Alternatives

System Reliability System Integrity & Mitigation



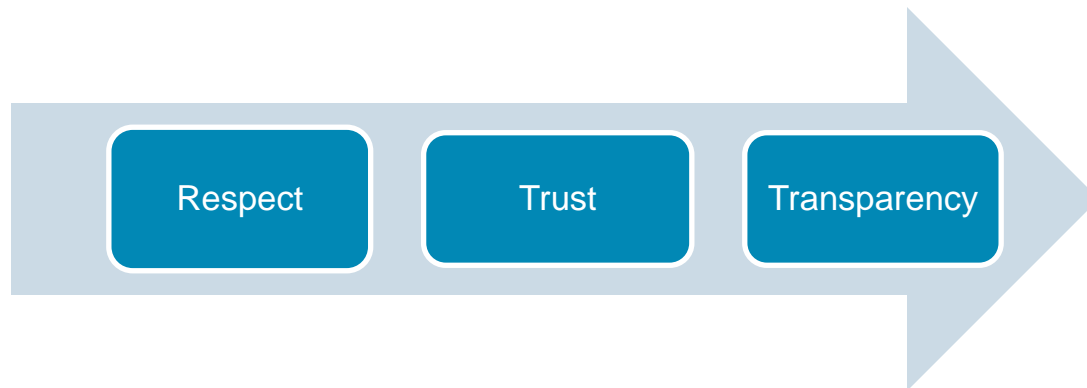
- System Rehabilitation and Modernization
 - Risk analysis and assessments
 - Corrosion Control
 - Leak Survey Inspections
 - Performed at intervals between one and five years

Your Role



We must work collaboratively with our customers, to the greatest extent possible, to develop win-win solutions and align interests.

Communicate operational needs in a proactive manner to allow planning, permitting, and design





Thank You



Natural Gas Market Update

Joe Vorthierms

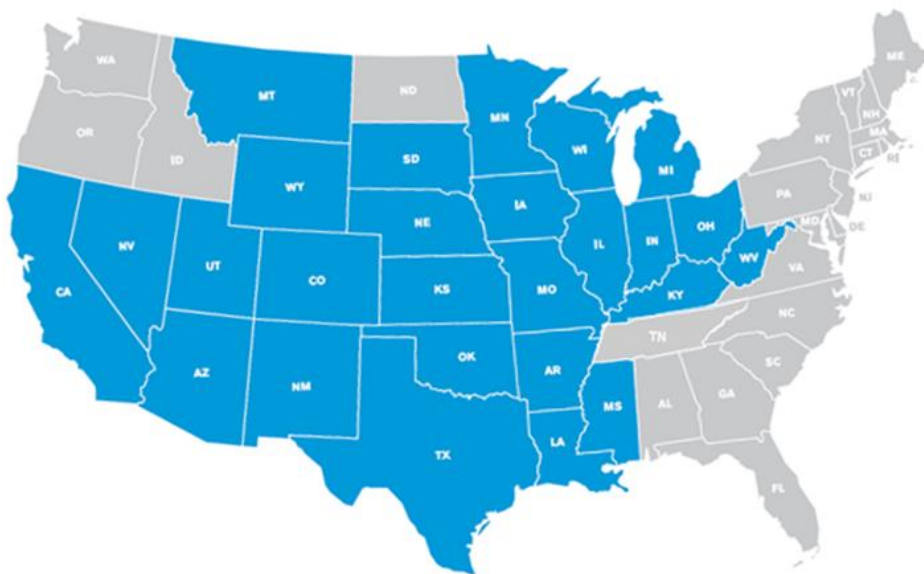
Vice President Energy Services

CES is a competitive company operating in the deregulated energy market



- CenterPoint Energy Services provides customers with competitive gas supply with a **customer retention rate over 90 percent**.
- We work with a wide range of customers, from **utilities** and **power generators** to **manufacturers** and **retail** to small commercial and residential **Choice** programs.
- Our service offering extends **across 26 states** and serves customers **within 83 unique utility territories**.

CES Footprint



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Our Energy Services



Natural Gas Supply



Electric Supply Services



Pipeline Construction & Infrastructure



Mobile Energy Solutions



Green Services



Premier Partners



Natural Gas Supply



Because the energy needs of our customers vary based on industry segment, geographical region, applicable utility tariffs and market conditions, CES works directly with each customer to develop a customized natural gas procurement plan.

Competitive Price Options

- **Variable Pricing**
 - Monthly market
 - Daily or monthly index
 - Index with a cap
- **Fixed Pricing**
 - Commodity
 - Basis
 - City Gate
 - Fixed price with downside participation
- **Structured Products**
 - Weather contingencies
 - Put/call options
 - Caps and collars

Supply Services

- **Daily & monthly balancing services**
 - Load forecasting
 - Nominations
 - Swing
- **Asset management**
 - Storage management
 - Firm and interruptible transportation administration
 - Capacity release management
- **Agency services**





Customer Segments Served

- Natural gas producers
- Bio-fuel/agricultural
- Health care
- Real estate
- Utilities
- Power generators
- Education/institutional
- Government/municipalities
- Co-op
- Manufacturing
- Retail
- Residential/Choice



Drivers of Natural Gas Pricing

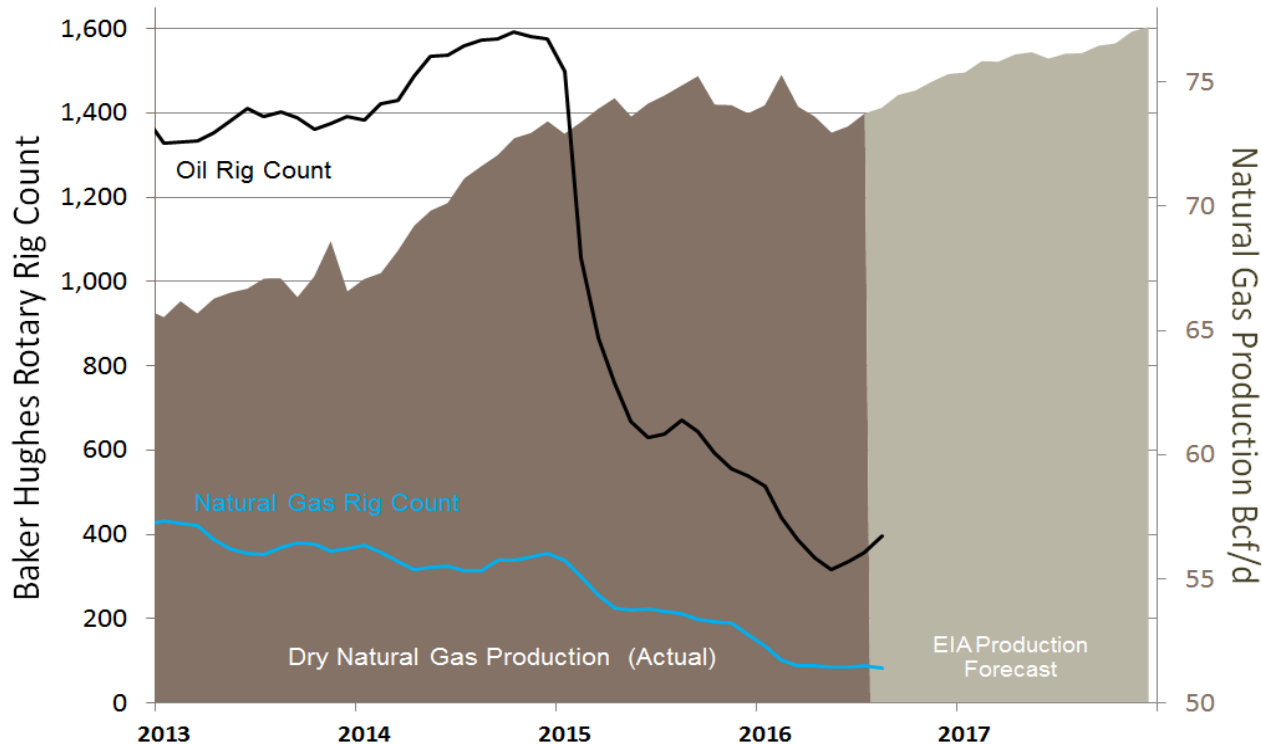


Natural Gas Price Component	Description	Drivers
	<p>Commodity</p> <p>The physical supply of natural gas; the largest component of delivered supply.</p>	<ul style="list-style-type: none"> • Supply & demand • Economic activity • Market volatility • Weather • Geopolitical events
	<p>Transportation</p> <p>Interstate pipeline companies own, operate and maintain the pipelines that transport gas across state lines. This is the cost associated with moving gas from production fields to supply hubs to a utility distribution system.</p>	<ul style="list-style-type: none"> • Geographic location • Pipeline tariffs • Available capacity • Federal Regulation
	<p>Utility</p> <p>Utilities own, operate and maintain the infrastructure that make up the utility distribution system . This is the cost associated with moving gas from the utility's supply purchase point to customer meter.</p>	<ul style="list-style-type: none"> • Rate base • Utility rates • Rate class • Weather • Regulatory environment
	<p>Marketer</p> <p>Marketers arrange for the procurement of natural gas on behalf of customers, handle the transportation and storage of gas, and often assume financing and price risk.</p>	<ul style="list-style-type: none"> • Trading activity • Billing systems • Credit • Transaction costs • Pipeline capacity



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Production and Rig Counts



- The EIA's STEO report has revised production lower for the second quarter of 2016, but continues to forecast growth in the third quarter of 2016
- The Baker Hughes gas rig count has hovered between 80 and 90 active rigs since the beginning of April, while the oil rig count has now recovered 90 rigs (28%) since bottoming at 316 rigs at the end of May

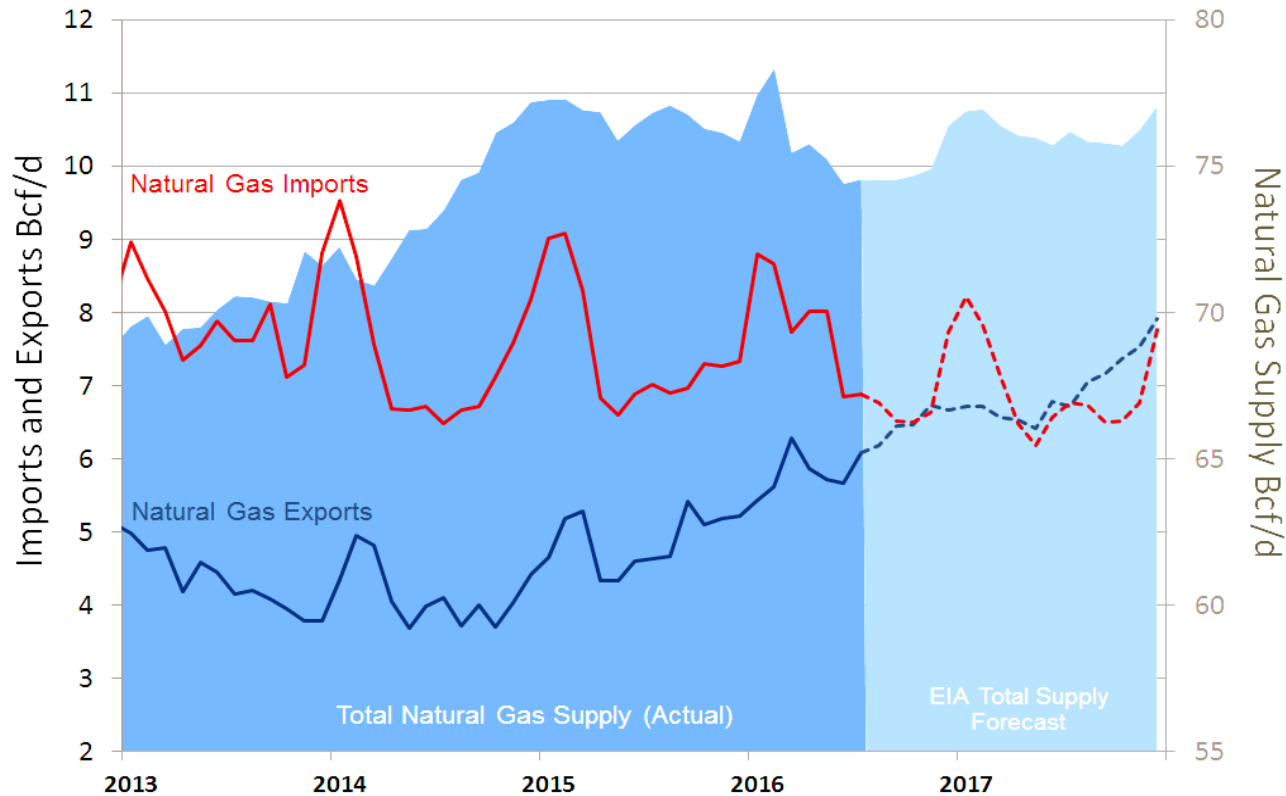
Sources: EIA: Short Term Energy Outlook, Baker Hughes

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Exports, Imports, and Total Supply



- Increasing LNG exports and pipeline exports to Mexico will keep total supply somewhat flat through the end of 2017 despite expectations of rising production levels

Sources: EIA: Short Term Energy Outlook, Baker Hughes



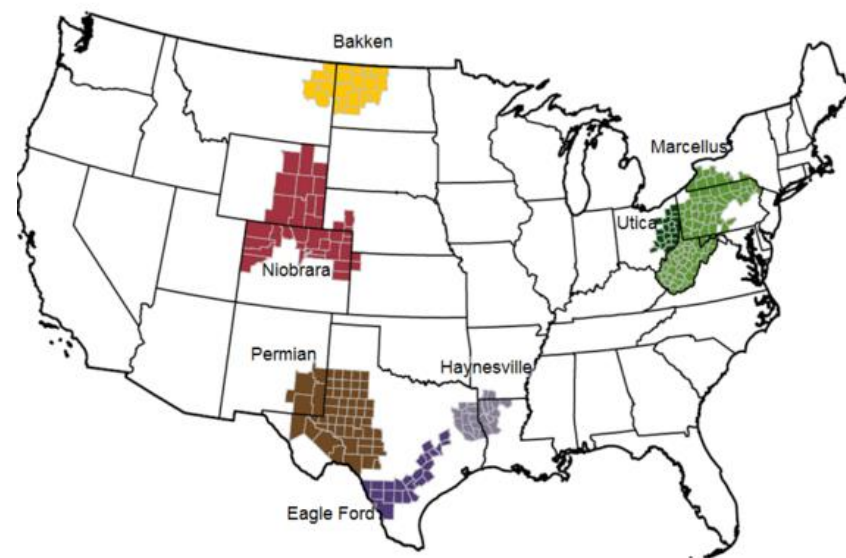
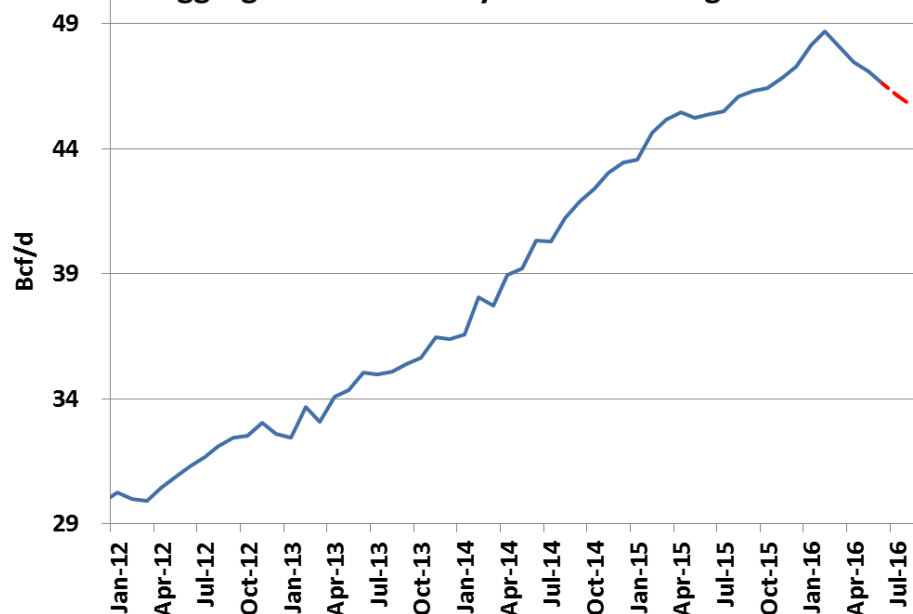
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Major Production Regions

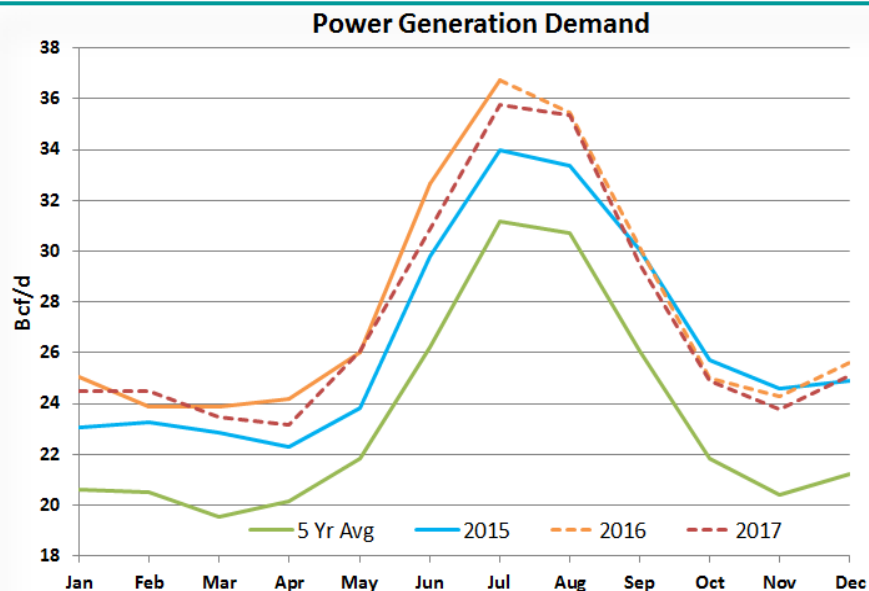


- Since production peaked in February, these key regions are estimated to be down 2.31 Bcf/d (4.8%) through July, and are forecasted to be down a total of 3.13 Bcf/d (6.4%) by the end of September
- These figures, which should be fairly representative of total U.S. gas production, continue to contrast significantly to the total production estimates in the EIA's STEO report, but closely align to the estimates and forecasts of other gas industry private analytic companies

Aggregate of Seven Key Production Regions

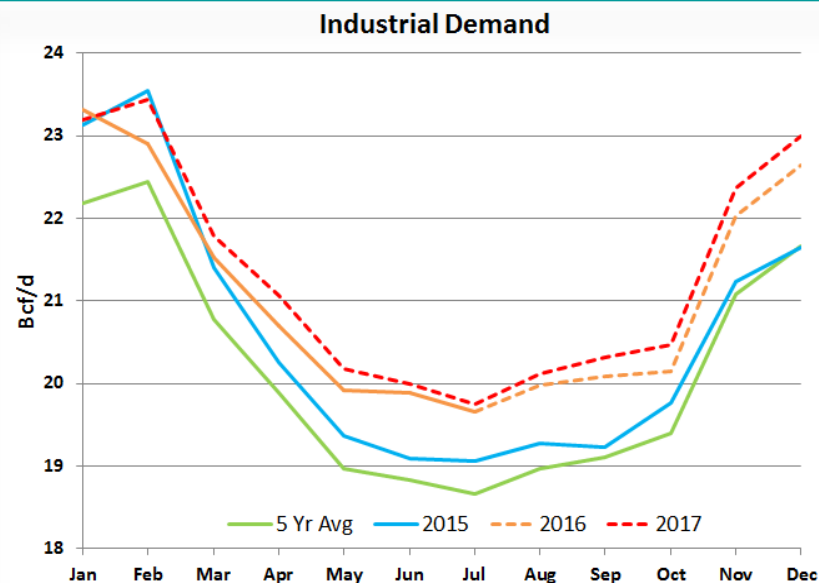


Demand Forecast by Sector



- 2016 demand forecast was revised 0.04 Bcf/d lower to 27.74 Bcf/d
- 2017 demand forecast was also revised 0.12 Bcf/d lower to 27.26 Bcf/d
- These downward revisions were likely made in response to the recent recovery in natural gas futures market

Source: EIA: Short Term Energy Outlook

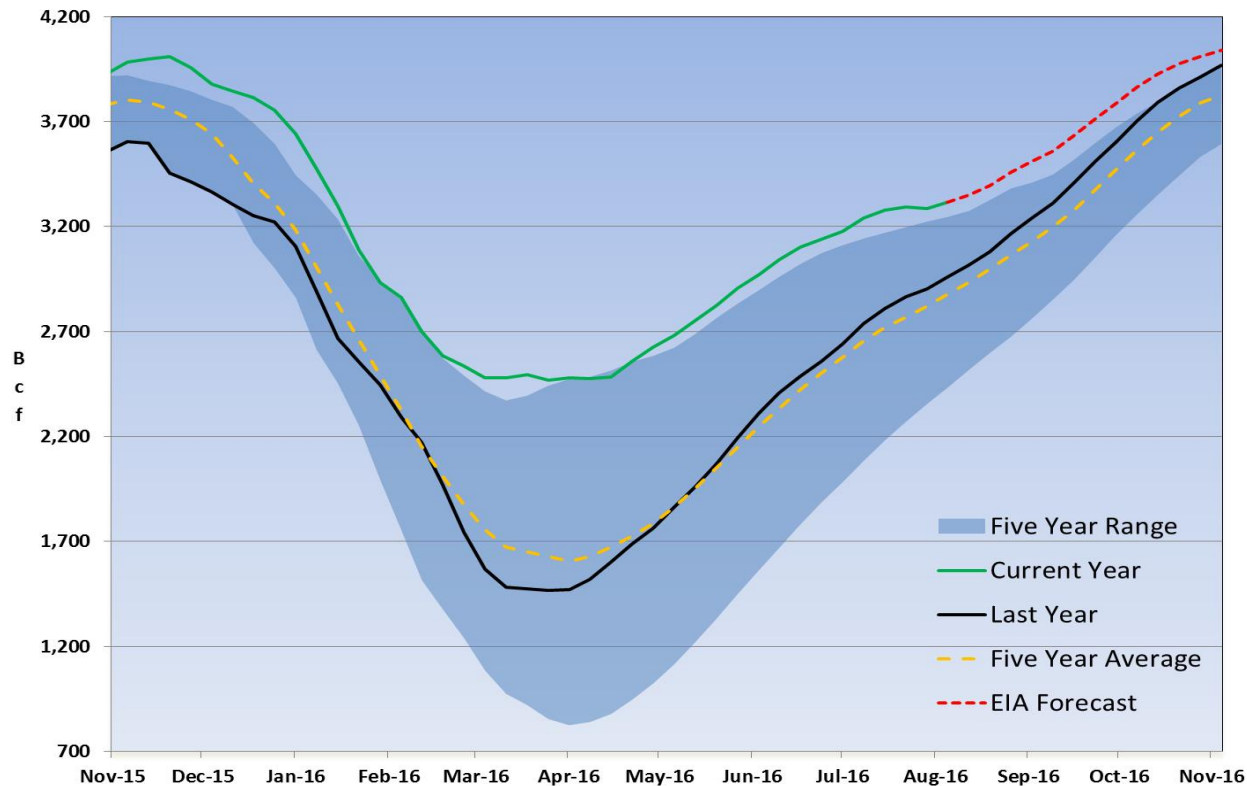


- 2016 demand forecast was revised 0.07 Bcf/d lower to 21.06 Bcf/d
- 2017 demand forecast was revised 0.14 Bcf/d lower to 21.30 Bcf/d
- The EIA has made downward revisions to these forecasts in every monthly update this year



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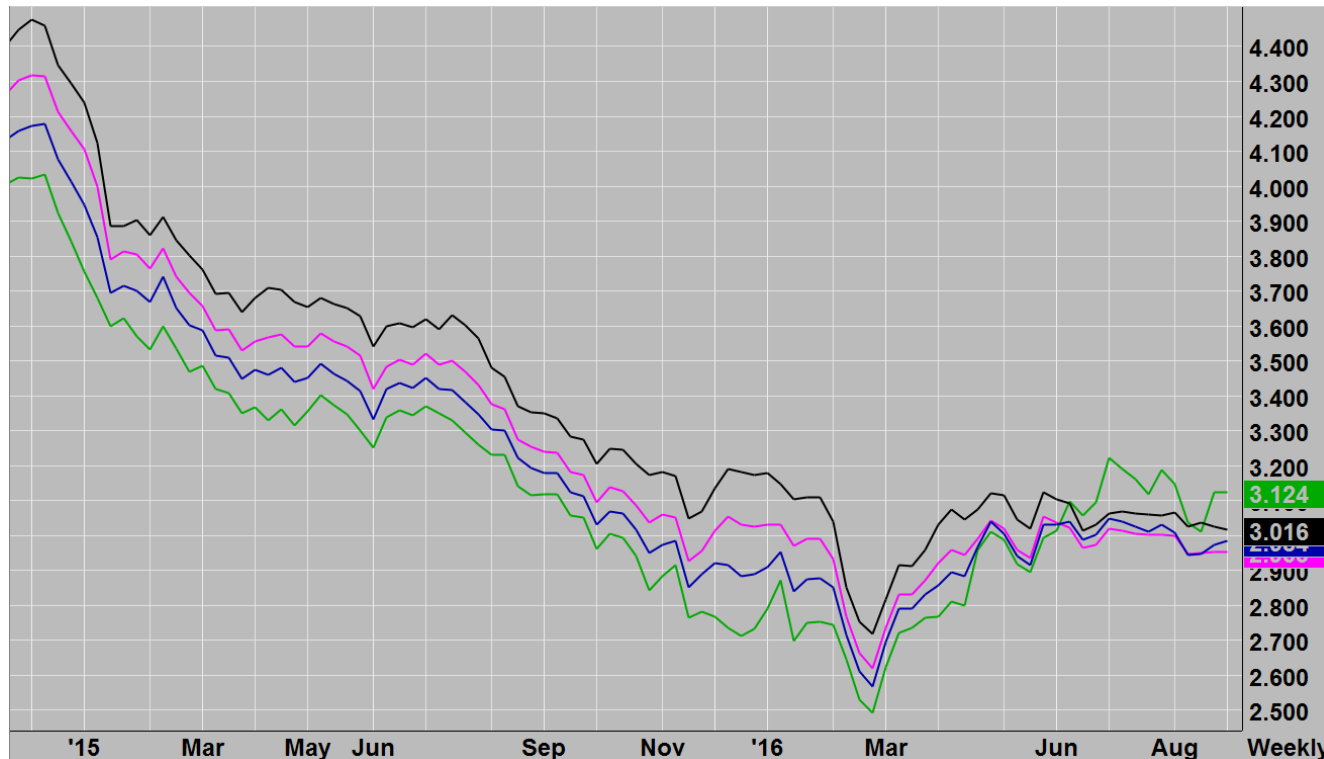
Natural Gas Storage Levels



- The EIA is forecasting an end-October storage level of 4.042 Tcf, but market expectations is much lower at about 3.935 Tcf.
- We saw the first net weekly withdrawal in a summer month since 2006 at the end of July and have seen consistently smaller-than-expected weekly injections this summer

Source: EIA

NYMEX Prices – Calendar Year (CY) Strips



- The forward curve remains backwardated with CY 2017 trading above 2018 – 2019 CY strips
- This is due to the continued downward trajectory of gas production and the assumption that production growth will resume and outpace demand growth through 2019

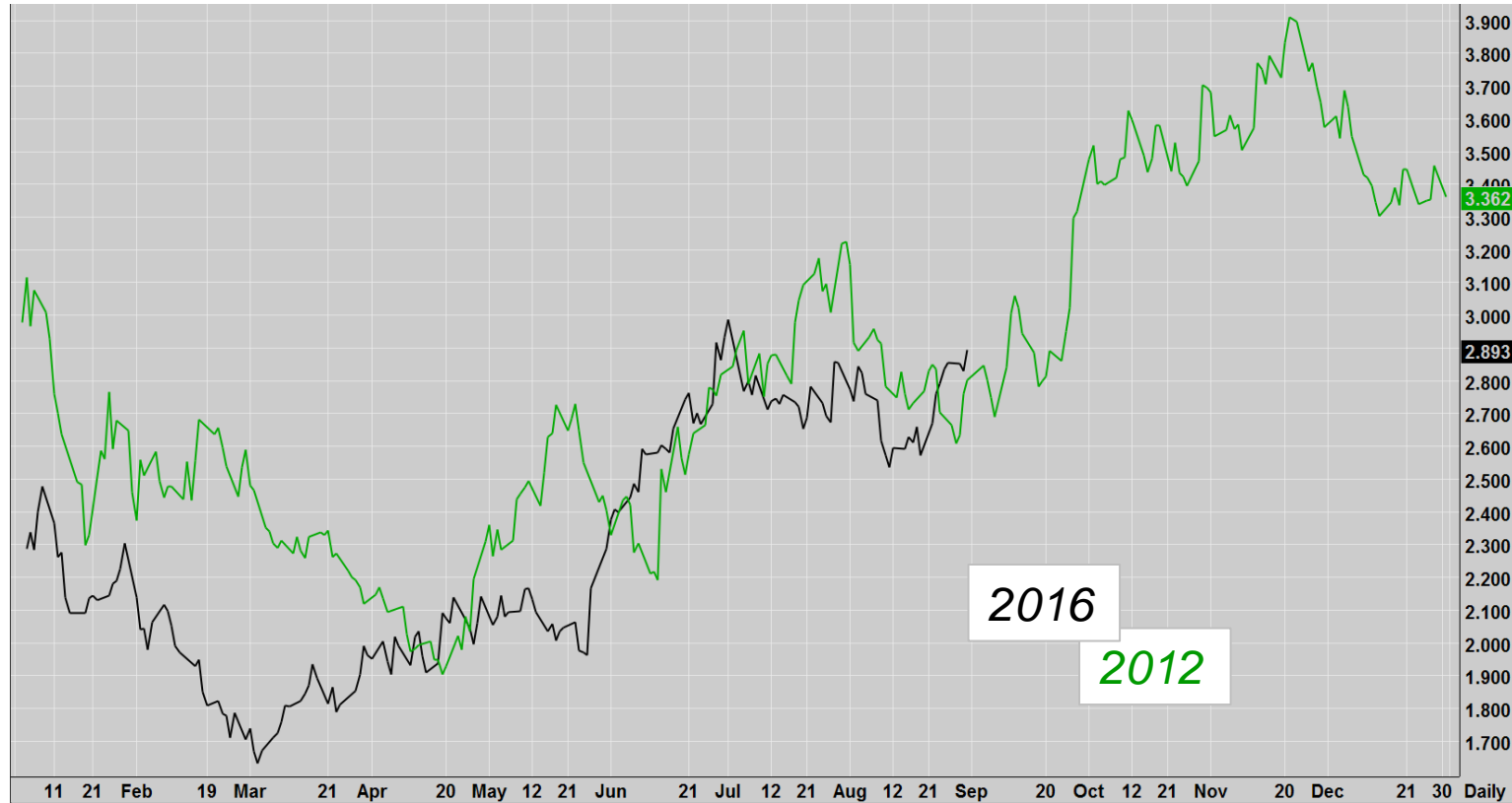
Source: FutureSource (Oracle Corporation), CME

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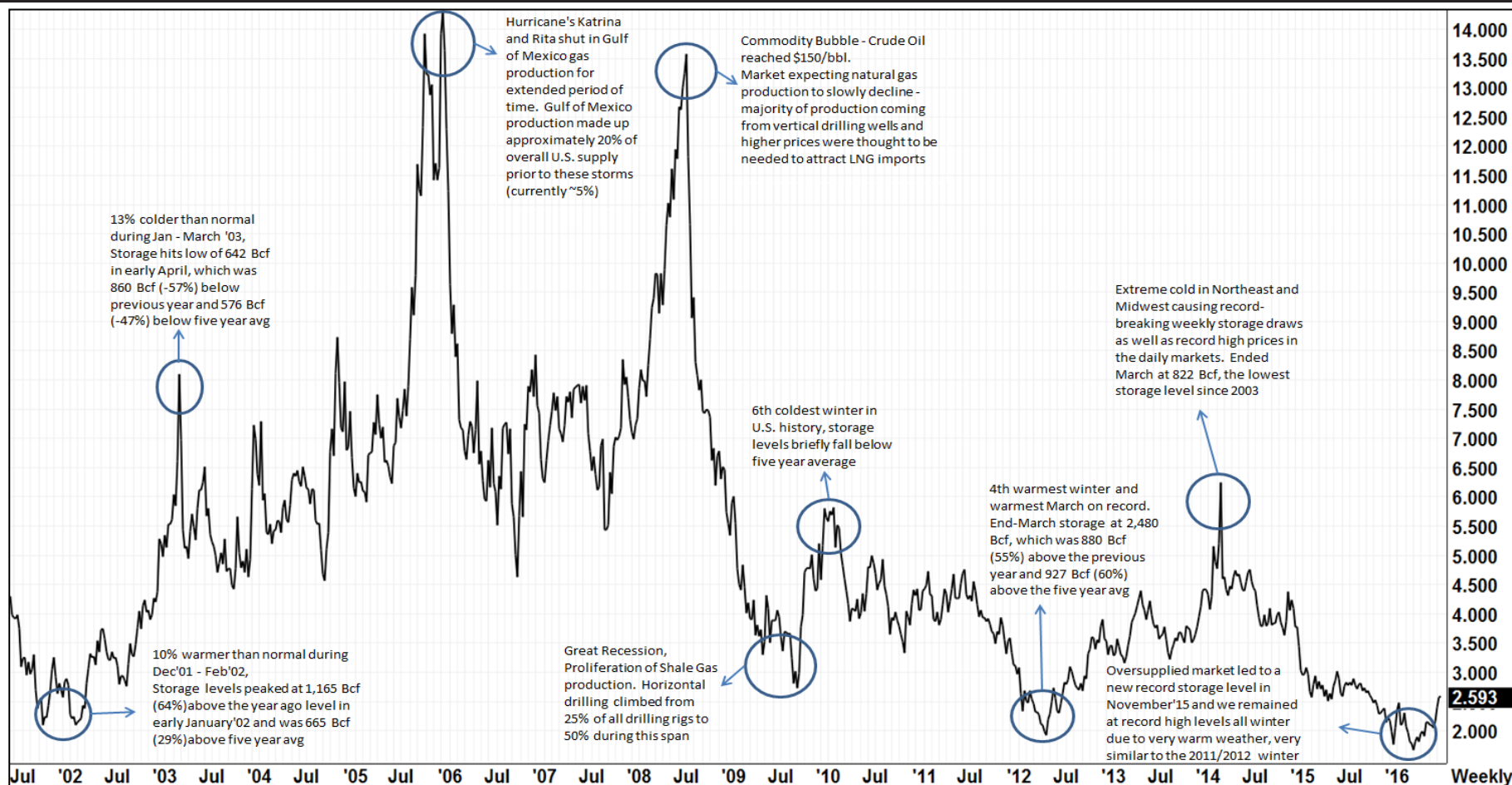
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NYMEX Prices – 2016 versus 2012 (historical rolling prompt months)



Because of the near identical storage situations coming out the prior winters and the similar summer weather, 2012 is a good analog year for comparison

NYMEX Pricing History



Source: FutureSource (Oracle Corporation), CME, EIA



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Bull/Bear Market Summary



- The EIA reported dry gas production fell from 73.61 Bcf/d in April to 72.96 Bcf/d in May
- The STEO estimates that production stabilized in May and has resumed growth, however these estimates are prone to downward revisions
- The EIA's Drilling Productivity Report indicates production in the most prolific gas plays has fallen 2.31 Bcf/d from February to July and forecasts 0.82 Bcf/d of declines through Sept.
- The latter report appears to be the more reliable data set as it aligns far better with private analytic companies

Production



- Total working gas stocks reached 3.317 Tcf for the week ending Aug 5th
- The surplus to last year, which reached 1,017 Bcf back in March has declined to 359 Bcf, while the surplus to the five year average has narrowed from a peak of 874 Bcf to 441 Bcf
- The EIA has revised its end of October total storage level forecast up 20 Bcf to 4.042 Tcf
- With cash market prices persistently running higher than September futures in many regions, storage holders have been withdrawing gas or deferring injections to September

Storage



- With imports from Canada expected to decline next year and exports to Mexico and LNG exports both expected to continue to grow, there is a good chance the U.S. becomes a net exporter of natural gas in 2017
- Imports from Canada should decline next year due to production growth in the Northeast and pipeline capacity and reversal projects reducing the need for Canadian gas
- Growing gas demand from Mexico's electric power sector coupled with flat natural gas production in Mexico will cause continued export growth

Imports/Exports



- La Nina typically means dry and warm summers, and cold and snowy winters in the north, which is what many forecasters including NOAA, Farmer's Almanac, and other private forecasters are calling for in their early winter outlooks
- PWCCDs came in 20.6% above normal in July, which was the third hottest month hottest month since 1950
- August got off to a very warm start, cooled a bit in the middle of the month, but ended hot and should come out about 20% above normal

Weather



- Weekly and daily demand data from various private analytics companies indicates only slight year over year gains in the industrial sector versus last year, but the EIA continues to show nearly 1 Bcf/d of demand gains through the remainder of the year
- The EIA's power generation demand forecast was revised lower for the second time this year, likely in response to the higher prices
- Evidence of any price induced losses in power generation demand is not readily apparent, but may be masked by the extreme heat this summer

Demand



- The ISM reported the July PMI figure declined to 52.6 from June's 53.2
- The BLS jobs report easily beat expectations in July as 255,000 jobs were added, and the unemployment rate remained unchanged at 4.9%
- The May and June jobs reports were both revised higher and the average number of job gains over the past three months was 190,000/month
- The Fed did not raise interest rates at their last meeting, and is unlikely to do so at their next meeting at the end of September, despite postulation to the contrary by some Fed officials

Economy



The September NYMEX futures contract pulled all the way back to the low \$2.50s in response to moderating weather forecasts in the first half of August, but forecasts shifted warmer mid-month and prices recovered most of their losses with September rolling off the board at \$2.853. The winter futures strip is currently priced at \$3.23, off about 15 cents from its July highs. Extreme heat this summer has led to record gas demand from the power generation sector despite the recovery in gas prices making coal more competitive. Although the EIA has conflicting data in its various reports, consensus is production has continued to trend lower into the third quarter, and a rebound in production is unlikely to occur until the fourth quarter or possibly the first quarter of 2017. We remain cautiously bullish on natural gas prices the rest of this year and next given these factors, but expect continued vulnerability in the short-term from moderating weather and fuel switching dynamics. Ultimately, gas prices

Summary



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Question & Answer Panel



Scott Prochazka



Gregg Knight



Kenny Mercado



Randy Pryor



Joe Vortherms



Shawn Cloonan

