

Welcome to Houston

An aerial photograph of the Houston skyline at dusk. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. Numerous skyscrapers are visible, many with their windows illuminated. A prominent feature is a tall, dark skyscraper with a distinctive red-lit top section. The city lights create a dense pattern of small white and yellow dots across the landscape.

Richard Bye

Investment Recovery Association Conference March, 2016

Introduction to Houston, Texas

David Hess
Sr. Manager, Purchasing & Logistics



A Fortune 500 company included in the:

- S&P 500 Index
- S&P 500 Utility Index
- Dow Jones Utility Average Index
- PHLX Utility Sector Index
- Russell 1000 Index

Houston Economy: Diverse and Growing

- 3rd highest concentration of Fortune 500 company headquarters in US (26)
- Over the past 10 years and compared to the 10 largest U.S. cities, **Houston** created the most jobs (645,000+), had the highest job growth CAGR, and made up 8% of all U.S. jobs created
- \$30.5 billion in construction contracts awarded in the Houston metro area in 2014
- Diversified Economy
 - Oil/Gas, Petrochemical
 - Health Care
 - Aerospace
 - Distribution/Logistics



Source: Wikipedia

Texas Medical Center - Largest medical center in the world



Source: Port of Houston Authority

Port of Houston – Ranked first in the U. S. in foreign waterborne tonnage, U.S. imports, U.S. export tonnage, and second in the U.S. in total tonnage

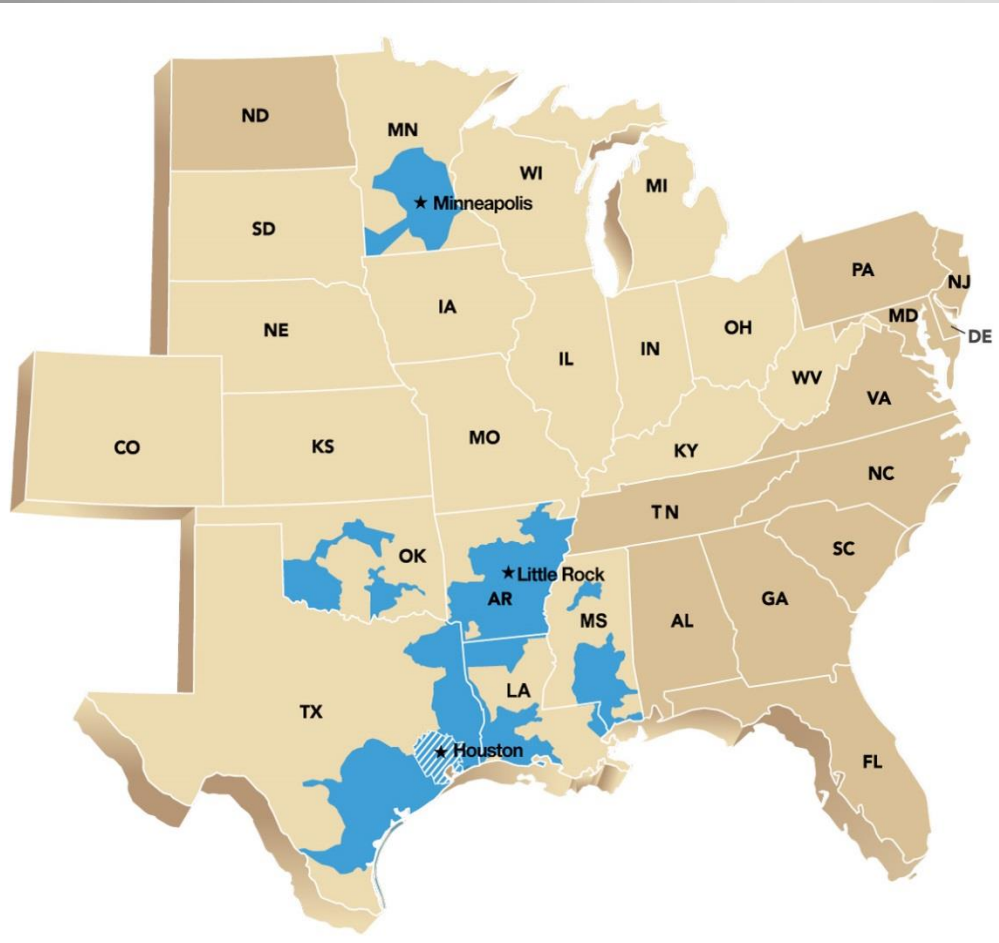




Source: Houston Chronicle

Exxon Mobil's 385 acre campus is designed to accommodate 10,000 employees by the end of 2015

CenterPoint Energy, Inc. (NYSE: CNP)

Regulated Electric and Natural Gas Utility Serving more than 5.5 Million Customers



-  Electric Transmission & Distribution
-  Natural Gas Distribution
-  Energy Services

Investment Recovery Territory - ALL 4

Electric Transmission & Distribution:

- Electric utility operation with ~2.3 million metered customers
- ~5,000 square mile service territory in and around Houston
- 18th largest U.S. investor-owned electric utility by customer base¹
- Over 81,000,000 MWh delivered in 2014

Gas Operations

- 10 gas distribution jurisdictions in six states with ~3.4 million customers
- 5th largest U.S. gas distribution company by customer base¹
- Recently ranked 1st among the largest Midwest Region natural gas utilities in the U.S. for operational satisfaction in a 2014 Cogent energy study
- Gas distribution company and Energy Services company delivered ~1.1 Tcf of natural gas in 2014

1. As of Dec. 31, 2013 per AGA and EEI

Investment Recovery's Role at CenterPoint Energy

- Secure financial return on Fleet assets
- Ensure environmental compliant disposition of scrap metal, including transformers
- Ensure environmental compliant disposition of used transformer oil
- Credit revenues received back to the projects for:
 - Returned wire and cable
 - Recycled substation transformers
 - Scrap metal
- Report Avoided Costs
- Recognize and Mitigate Project Related Environmental and Safety Risks

CNP Investment Recovery Statistics

<u>Year</u>	<u>Revenue</u>	<u>Avoided Costs</u>
2011	\$7.5 M	\$4.8 M
2012	\$7.3 M	\$5.1 M
2013	\$8.3 M	\$5.2 M
2014	\$8.1 M	\$4.7 M
2015	\$6.8 M	\$6.1 M
5 Year Total	\$38 M	\$25.9 M

Welcome To Houston

An aerial photograph of the Houston skyline at dusk. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon where the sun has set. Numerous skyscrapers are visible, many with their windows illuminated with warm yellow and white lights. A prominent feature is a tall, dark skyscraper with a distinctive red-lit top section. The city lights create a dense pattern of small white and yellow dots across the landscape, extending to the horizon. The overall atmosphere is one of a vibrant, modern city at the end of the day.

Investment Recovery Association Conference

March 7, 8, and 9, 2016

Richard Bye - Director Environmental Services



In The Beginning

Environmental

Partnership

**Investment
Recovery**

Building The Partnership

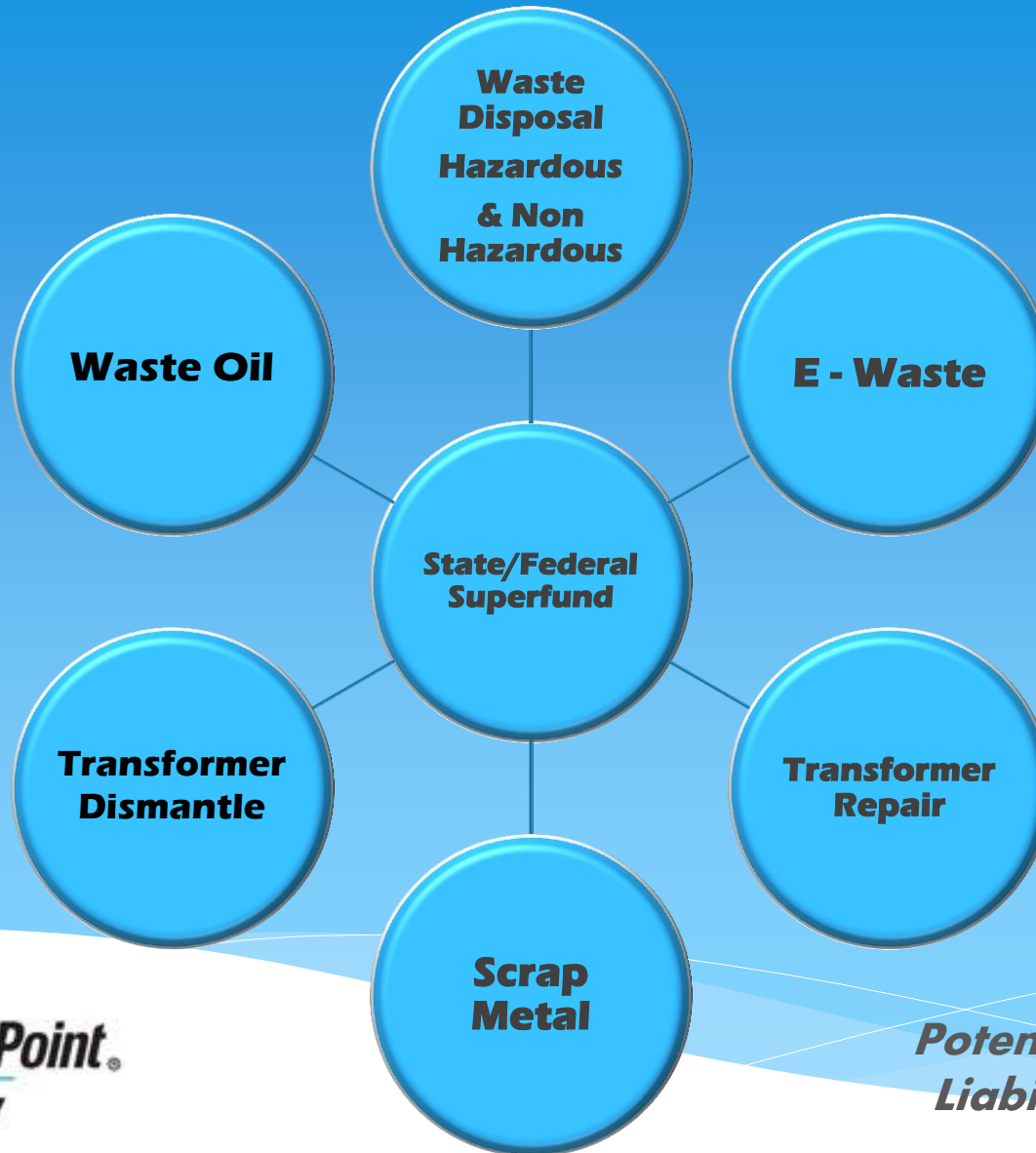
Environmental

Partnership

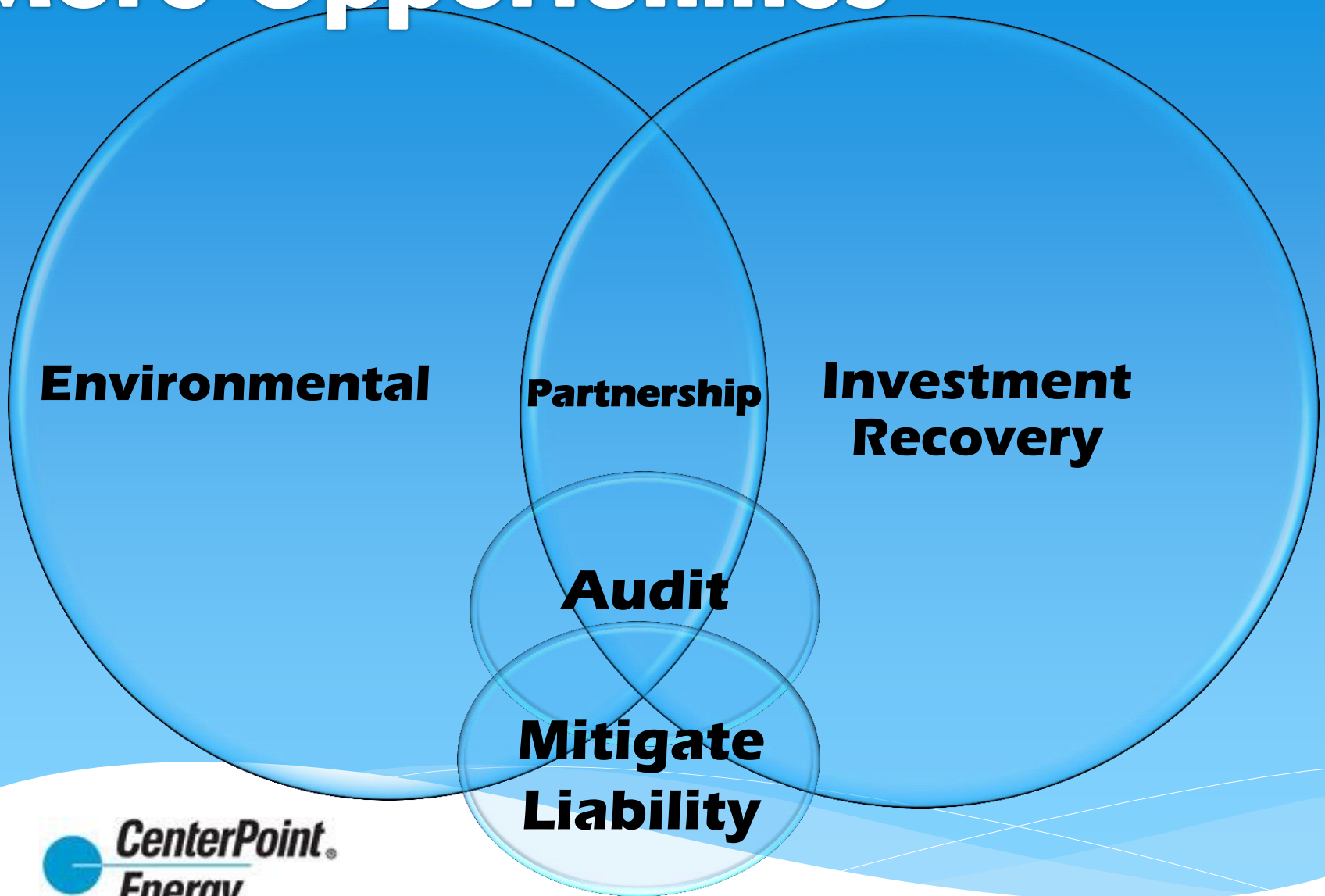
**Investment
Recovery**

**Mitigate
Liability**

Sources Of Opportunity For The Partnership



More Opportunities



The Plot Thickens

Components of an audit...

Environmental

- * Compliance
- * Housekeeping
- * Record Keeping

* Legal Review

- * Insurance
- * Contracts

Investment Recovery

- * Safety Record
- * Company Financials
- * Logistics

After The Audit – *Now What?*

- **Significance of Findings**
- **Environmental Pitfall**
-Do not get into the role of consultant
- **Insurance – Policy Coverage**
- **Compliance – Grace Period ?**
- **Cost – Cost vs Revenue**
- **Audit Schedule – How Often ?**



Business Risk Decision

Questions ?