Q1 2020 Earnings Call

Company Participants

- David Mordy, Director of Investor Relations
- Jason M. Ryan, Senior Vice President and General Counsel
- John W. Somerhalder, Interim President & Chief Executive Officer
- Kristie L. Colvin, Interim Executive Vice & Chief Executive Officer

Other Participants

- Aga Zmigrodzka, Analyst, UBS
- Anthony Crowdell, Analyst, Mizuho Securities
- Antoine Aurimond, Analyst, Bank of America
- Ashar Khan, Analyst, Viridian
- Charles Fishman, Analyst, Morningstar
- Insoo Kim, Analyst, Goldman Sachs
- James Thalacker, Analyst, BMO Capital Markets
- Jeremy Tonet, Analyst, JP Morgan
- Julien Dumoulin-Smith, Analyst, Bank of America
- Michael Weinstein, Analyst, Credit Suisse
- Paul Patterson, Analyst, Glenrock Associates
- Shahriar Pourreza, Analyst, Guggenheim Partners
- Steve Fleishman, Analyst, Wolfe Research LLC

Presentation

Operator

Good morning, and welcome to CenterPoint Energy's First Quarter 2020 Earnings Conference Call with the senior management. During the Company's prepared remarks, all participants will be in a listen-only mode. There will be a question-and-answer session after management's remarks. (Operator Instructions)

I will now turn the call over to David Mordy, Director of Investor Relations. Mr. Mordy?

David Mordy {BIO 20391499 <GO>}

Thank you, Joel. Good morning, everyone. Welcome to our first quarter 2020 earnings conference call. John Somerhalder, Interim President and CEO, and Kristie Colvin, Interim Executive Vice President and CFO, will discuss our first quarter 2020 results and provide highlights on other key areas. Also with us this morning are several other members of management, who will be available during the Q&A portion of our call. In conjunction with our call, we will be using slides which can be found under the Investors section on our website centerpointenergy.com.

Please note that we may announce material information using SEC filings, news releases, public conference calls, webcasts and posts to the Investors section of our website. Today, management will discuss certain topics that will contain projections and forward-looking information that are based on management's beliefs, assumptions and information currently available to management. These forward-looking statements are subject to risks or uncertainties. Actual results could differ materially based upon factors including weather, regulatory actions, the economy and unemployment, commodity prices, the impact of COVID-19 pandemic and other risk factors noted in our SEC filings. We will also discuss guidance for 2020.

To provide greater transparency on utility earnings, 2020 guidance will be presented in two components, a guidance basis utility EPS range, and a midstream investments EPS expected range. Please refer to Slide 26 in the appendix for further detail. Utility EPS guidance range includes net income from Houston Electric, Indiana Electric and natural gas distribution business segments as well as after-tax operating income from the corporate and other business segment.

The 2020 utility EPS guidance range considers operations performance to date and assumptions for certain significant variables that may impact earnings such as customer growth approximately 2% for electric operations and 1% for natural gas distribution and usage including normal weather, throughput, recovery of capital invested through rate cases and other rate filings, effective tax rates, financing activities and related interest rates, regulatory and judicial proceedings, anticipated cost savings as a result of the merger and reflects dilution in earnings as if the newly issued preferred stock were issued as common stock.

In addition, guidance incorporates a COVID-19 scenario range of $0.05 to $0.08 which assumes reduced demand levels with April was the peak and reflects anticipated deferral and recovery of incremental expenses including bad debt. The COVID-19 scenario also assumes a gradual reopening of the economy in our service territories, leading to diminishing levels of demand reduction, which would continue through August. To the extent actual recovery deviates from these COVID-19 scenario assumptions, the 2020 utility EPS guidance range may not be met and our projected full year guidance range may change.

The utility EPS guidance range also assumes an allocation of corporate overhead based upon its relative earnings contribution. Corporate overhead consists of interest expense, preferred stock dividend requirements, income on enabled preferred units and other items directly attributable to the parent along with associated income taxes. Utility EPS guidance excludes midstream investments EPS range, results related to infrastructure services and energy services and anticipated costs and impairment resulting from the sale of these businesses, certain integration and transaction-related fees and expenses associated with the merger, severance costs, earnings or losses from the change in the value of ZENS and related securities and changes in accounting standards.

In providing this guidance, CenterPoint Energy uses a non-GAAP measure of adjusted diluted earnings per share that does not consider the items noted above and other potential impacts including unusual items which could have a material impact on GAAP reported results for the applicable guidance period. In providing the 2020 EPS, expected range for midstream investments, the company assumes a 53.7% limited partner ownership interest in Enable and includes the amortization of our basis differential in Enable and assumes an allocation of CenterPoint Energy corporate overhead based upon midstream investments relative earnings contribution.

The midstream investments EPS expected rage reflects dilution and earnings as if the CenterPoint Energy newly issue preferred stock were issued as common stock. The company also takes into account such factors as Enable's most recent public outlook dated -- for 2020 dated May 6, 2020 and effective tax rates. The company does not include other potential impacts such as any changes in accounting standards impairments or Enable's unusual items. For a reconciliation of the non-GAAP measures used in providing earnings guidance in today's call, please refer to our earnings news release and our slides on our website. Before John begin, I would like to mention that this call is being recorded. Information on how to access the replay can be found on our website.

I'd now like to turn the call over to John.

John W. Somerhalder {BIO 1770282 <GO>}

Thank you, David, and good morning, ladies and gentlemen. We will start with Slide 4. Let me begin by thanking our employees in the field. Our linemen, service technicians and other field employees are essential personnel vital to supporting the communities we serve. During these unprecedented times, we are extremely proud of the tremendous effort our employees are making every day to continue providing safe and reliable electricity and natural gas to our customers. Thank you all for representing CenterPoint well and living up to our brand promise of being always there.

This morning, our company announced strong first quarter results, along with several other key announcements highlighted on Slide 5. Over the past year CenterPoint Energy's portfolio transformation has shown the company's strategic commitment to increasing this focus on the regulated utility sector. This portfolio transformation is better aligned with our investors' risk return objectives and has earned the support of several highly credible investors.

As a result, today, the company announced a $1.4 billion transaction, which was compromised of 700 -- comprised of $725 million of shares of mandatory convertible preferred stock and $675 million of shares of common stock as detailed on Slide 6. This transaction in combination with the cash proceeds received from the recent sale of Miller Pipeline and Minnesota Limited for our Infrastructure Services business and the pending sale of CenterPoint Energy Services will be used to delever CenterPoint's balance sheet, further strengthening its investment-grade credit metrics and overall credit profile.

As a result of this action and the measures we announced on April 1st. We anticipate that the company will not raise additional equity capital through 2022. These equity issuances highlight the substantial value proposition of CenterPoint, as a premier regulated utility with high growth opportunity. The company's robust five-year $13 billion capital investment program combined with a strong regulatory strategy and keen O&M discipline are anticipated to drive 5% to 7% utility earnings compounded annual growth over the planning horizon, all while keeping customers rates low.

CenterPoint is uniquely positioned to operate from a place of heightened strength and flexibility while remaining focused on providing safe, reliable and affordable services to its customers and executing on the wide range of long term opportunities across its utility businesses. Additionally, turning to Slide 7, the company has also appointed two new outside directors to serve on the company's Board, bringing the total number of directors on the Board to 10.

These directors come to the Board with exemplary leadership experience, unique backgrounds and well matched skill sets tailored for the needs and opportunities ahead for CenterPoint. In addition to the new director appointment, the Board has formed a new advisory business review and evaluation committee of the Board. The new committee will assist the Board in evaluating strategic business actions and alternatives related at the CenterPoint's portfolio of businesses, assets and other ownership interest to further enhance the company's financial strength positioning and value proposition.

I would now like to provide an update on the COVID-19 pandemic. Turning to Slide 8. Safety is our top priority and we have implemented social distancing protocol, rotational shifts and alternative work facilities in order to enhance the safety of our customers, employees and contractors. The CenterPoint Energy Foundation has also created a $1.5 million relief fund to assist nonprofit organizations within our service territories with the effects of the pandemic.

The COVID-19 pandemic has impacted almost every facet of our customers' lives and we believe is more important than ever for the communities that we serve. We continue to deliver the same reliable service our customers rightfully expect from us. Since the start of the pandemic, we have not experienced material interruptions in our supply chain, our safety precautions allow us to continue moving forward with planned capital projects and we continue to anticipate filing and integrated resource plan in Indiana in the second quarter.

Moving to Slide 9, we delivered first quarter guidance basis utility EPS of $0.50 per share, excluding impairments, compared with $0.41 for the first quarter of 2019. Rate relief, customer growth, O&M savings and favorable tax impacts associated with the Cares Act, as well as having a full quarter for the legacy Vectren utilities were the primary contributors to the improvement.

For full year 2020, we are reiterating our utility guidance basis EPS range, projected to deliver a $1.10 to a $1.20 in adjusted earnings. We are projecting that earnings dilution from a higher share count attributable to the equity issuance, we announced this morning and the negative earnings impact from COVID-19 will be offset by the previously announced O&M reductions as well as the tax benefit from the Cures Act.

Turning to Slide 10, regulators have been broadly supportive of the recovery of increased bad debt and other incremental COVID-19 pandemic related expenses. Nearly 70% of our jurisdictions have a form of pandemic mechanism in place. In our largest service territory the

Public Utility Commission of Texas approved the mechanism to assist the retail electric providers with increased bad debt expense as well as to cover pandemic related expenses Houston Electric will encounter.

As a reminder approximately 70 retail electric providers make up the customer base of Houston Electric. We will continue working with the regulators and all of the states we serve to ensure customers impacted by the pandemic are supported. During the first quarter, we experienced very minimal demand impacts associated with COVID-19. As the stay-at-home restrictions begin to take effect across the communities we serve towards the end of March.

On the Slide 11, we have provided an early estimated demand impact for April, and the anticipated impact on our full year guidance assumption. As a result of stay-at-home practices, we estimate a modest decline in April demand for our commercial and small industrial electric customers, partially offset by increased residential usage due to folks staying and working from home. Natural gas distribution, commercial and industrial demand reduction was influenced primarily by restaurant, retail and manufacturing closures. In total, we estimate that reduced demand impacted utility EPS by about $0.01 to $0.02 in April.

Overall, based on past experience, we believe our rates have become less sensitive to demand shock as a result of rate design efforts in recent years. I will note that the Houston Electric sensitivities incorporate the new rates that went into effect in April. For the purpose of our full-year 2020 guidance The range assumes April to be the peak of reduced demand levels and reflects anticipated, deferral and recovery of incremental expenses, including bad debt.

As states are beginning to loosen stay at home restrictions, we assumed a gradual reopening of the economy and our service territories, leading to diminish levels of demand reduction, which would continue through August in our guidance.

Under this scenario, we project the full year COVID-19 impact to be in the range of $0.05 to $0.08 of utility EPS. To the extent actual recovery deviates from our COVID-19 scenario assumptions, our projected full-year guidance range may change. Turning to slide 12. On April 9th, we completed the sale of our Infrastructure Services business providing approximately $670 million of cash to pay down debt, net of taxes.

Completing the sale along with the pending Energy Services sale improves our business risk profile, strengthens our credit quality and reduces our earnings volatility. Above all, it is in line with our strategy to increase the contributions of earnings from utilities. These divestitures, highlight our commitment to focusing squarely on high organic growth utilities.

Turning to Slide 13, many shareholders have asked about Enable's overall health, especially given the distribution cut that was announced on April 1st. We are confident in Enable's ability to weather the current downturn for a number of reasons. First and foremost, Enable has a strong balance sheet and a healthy coverage ratio. Second, approximately one-third of an Enable's business is associated with transportation and storage, which we anticipate will provide earnings stability during the current commodity downturn. Third, dry gas drilling and completions in Haynesville remain in line with expectations. As oil wells and associated gas and other shale plays are being shut in. Finally Enable has both O&M and capital levers, they can use -- utilize to help maintain cash flow if volumes drop lower than currently anticipated.

Let me close by summarizing our investor value proposition as shown on Slide 14. Following our successful Vectren merger Integration and portfolio transformation, CenterPoint is committed to delivering increased shareholder value in coming years. Our $13 billion capital investment program combined with a strong regulatory strategy and O&M discipline are anticipated to drive 5% to 7% utility EPS growth over the planning horizon.

Additionally, we are firmly committed to maintaining solid investment grade credit quality. We believe this framework positions CenterPoint for long-term success and provides a compelling opportunity for shareholders. I'm very pleased to have Kristie Colvin to discuss our financial results in greater detail. Kristie has been integral to the success of our finance organization for over 30 years and has outstanding knowledge of every facet of our business. Over the past month, she has more than risen to the challenge of leading our finance organization and I am eager to have her interact more with the investment community in the months ahead. Kristie?

Kristie L. Colvin {BIO 18874385 <GO>}

Thank you, John and good morning everyone. I'm honored to serve as the Interim Executive Vice President and CFO of CenterPoint Energy and I look forward to meeting many of you in the near future.

Turning to Slide 15. Let me highlight some key accomplishments within utility operations during the first quarter. We deployed approximately $600 million of utility capital investment and achieved strong fundamental customer growth across both our electric and gas utilities. Additionally, today, we have identified approximately 60% of our targeted 2020 O&M reductions. We remain steadfast in our focus on disciplined O&M management to support long-term earnings growth and maintaining investment-grade credit metrics. On the regulatory front, we made various rate relief filings, including the Houston Electric transmission and Texas Gas jurisdiction's capital recovery mechanisms.

Moving to Slide 16. I would like to comment on the non-cash impairments recorded in continuing operation. In the first quarter of 2020, CenterPoint recorded an after-tax non-cash impairment charge of approximately $1.2 billion related to our investment in Enable and the company's share of impairment charges recorded by Enable for goodwill and long-lived assets and a $185 million related to Indiana Electric. It is important to note that these impairments do not affect the company's liquidity, cash flow or compliance with debt covenants.

The impairment charge related to our investment in Enable recognizes the severity of the decline and estimated fair value of our investment. The decline is primarily due to the macroeconomic conditions related in part to COVID-19 and the excess supply and depressed prices of natural gas and oil impacting the midstream industry, combined with Enable's announcements last month to reduce its quarterly distributions per common unit by 50%. With these non-cash charges, we have reduced our balance sheet investment in Enable Midstream from approximately $2.4 billion to $848 million.

Now, I'll provide some context regarding the non-cash impairment charge recorded at Indiana Electric of a $185 million. Upon acquisition of this business in the Vectren merger in February 2019, the carrying value of this business unit approximated fair value. Therefore, there was minimal cushion to absorb the significant decline in current market conditions as a result of the pandemic. We do not believe that this impairment is indicative of the long-term value of this utility which continues to deliver strong earnings with continued significant capital investment needs.

I would now like to review the first quarter -- the quarter-over-quarter utility operations and midstream investment guidance basis EPS drivers on Slide 17. Excluding impairment charges, utility operations delivered $0.50 per diluted share and midstream investments provided $0.10 per diluted share for the first quarter of 2020, compared to $0.41 and $0.05, respectively, in the first quarter of 2019. Utility operations delivered a solid performance this quarter, providing $0.09 of positive variance. Rate relief contributed $0.07 of positive variance, largely as a result of the capital recovery mechanisms in the Indiana Electric and Texas Gas jurisdiction, along with the implementation of minimum rates in Minnesota.

Additionally, the first quarter of 2020 benefited approximately $0.05 from an additional month of earnings associated with the jurisdictions acquired through the merger in February 2019. O&M savings provided $0.03 of favorability. Lastly, CenterPoint Energy's continued strong customer growth primarily along the Texas Coast and our Minnesota service territory provided for $0.02 of positive variance. Partially offsetting these positive variances were higher depreciation and amortization and other tax expense, lower usage and lower equity return, primarily due to the annual true-up of transition charges.

The lower usage experienced across our natural gas distribution and Indiana Electric service territory was partially driven by warmer than normal weather, which accounted for approximately $0.01 of negative earnings variance versus normal. Overall, we were very pleased with the performance of our utilities.

Turning to Slide 18. We discuss our continued discipline in O&M management. Last year our company made great strides to our diligent and keen focus on O&M management by achieving approximately a $100 million of annualized year-over-year O&M savings through merger and other cost efficiencies. Further building on the momentum from 2019, early last month CenterPoint announced that we are targeting approximately $40 million in incremental O&M savings for 2020 relative to full-year 2019 levels. We expect to achieve approximately half of the targeted incremental 2020 O&M savings from support level functions. We will continue to look for systematic opportunities to align work activities and organizational approaches in support of our utility focused strategy. This comprehensive approach to O&M management will continue to support EPS growth and maintaining investment-grade credit metrics.

On Slide 19, as John previously detailed, the equity issuances announced today demonstrates CenterPoint's commitment to a strong balance sheet and further strengthening of our investment-grade credit metrics and overall credit profile. Our rigorous capital allocation progress -- process and ongoing discipline O&M management further support this commitment. These equity issuances eliminate the anticipated equity needs through 2022 and we will target 14% to 14.5% FFO to debt over the long-term planning period.

Turning to Slide 20. We are reiterating our 2020 utility guidance basis EPS range of a $1.10 to a $1.20 and a 5% to 7% five-year EPS growth CAGAR. The 2020 guidance range takes into consideration earnings dilution as a result of the higher share count from the announced equity transactions and the potential range of earnings impact of $0.05 to $0.08 per diluted share associated with the COVID-19 pandemic that John previously discussed. These items are expected to be offset by strong first quarter results, the benefits received from previously announced targeted O&M reductions as well as tax benefits from the CARES Act. To the extent actual recovery deviates from these COVID-19 scenario assumptions, our projected full-year guidance range may change.

In closing, the first quarter presented new challenges for not only our business, but the entire industry and global market. Our company was proactive in tackling the challenges presented by COVID-19, leadership remains focused on our core value of the safety of our employees and the communities we serve, delivering reliable and affordable energy. CenterPoint Energy is poised to deliver 5% to 7% utility EPS growth through execution of our utility strategy and disciplined O&M management, while remaining firmly committed to our solid investment-grade credit quality.

I will now turn it back to David.

David Mordy {BIO 20391499 <GO>}

Thank you, Kristie. We will now open the call to questions. In the interest of time, I will ask you to limit yourself to one question and a follow up. Joel?

Questions And Answers

Operator

Thank you. At this time, we will begin taking questions. (Operator Instructions) Thank you. Our first question comes from Shar Pourreza with Guggenheim Partners. Your line is now open.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Hey, guys. Good morning. So just two questions here. First, starting sort of with that strategic level. You have obviously review processes in place now and as should we think about the range of outcomes that you've foreseen with this, could we get a little bit of a sense of core versus non-core, stronger jurisdictions versus maybe those that require a bit more work from your perspective? And sort of with an analyst they said, the sort of imply that an outright sale of the company is not part of this kind of internal review process. And I have a follow up.

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. Yeah, I'll start with the last question. Yes, that's correct. This is a -- we have strong support for the business and the model we have now. And so what we're going to do is review those businesses to see where we can optimize those. And clearly our focus is on our utility businesses and we feel like all of our utility businesses have good regulatory compacts and we will always continue to look at how we improve those moving forward and the mechanisms for recovery. But this will be a comprehensive view of all of our businesses. So that we can optimize those as a company moving forward.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Got it. And then just lastly, you reiterated the utility guidance for 2020 in the 5% to 7% growth, which is very constructive. Could we get maybe a little bit more specific around the moving piece as maintaining these figures. There is a lot of moving pieces, i.e. call that COVID headwinds, is that entirely kind of offset by corporate costs? What's implied with future cost cuts at the parent? What mitigates the dilution in the near term? So I'm just trying to get a bit of a sense on how all the drivers, kind of net out even as we think about beyond 2020? Thank you.

A - John W. Somerhalder {BIO 1770282 <GO>}

Okay I'll start. I'll start off. Is that, yes. -- I'll start out with 2020 and then Kristie can add to it, and then talk a little bit about moving forward. I mean, we took several steps that we announced back at the beginning of April. Some of them were more driven by credit, to make sure we have very solid credit metrics as we move through this year. And so reducing capital by $300 million helped us there, but we announced $40 million of O&M cuts as well, which we have good line of sight to as Kristie said about 60% of that.

So the combination of a good first quarter, those O&M savings and the Cares Act that has the tax benefit, Kristie can speak more to that, offset the impact of our expected range on COVID-19 as well as the dilution as a result of the 1.4 of equity issuance. So those generally -- that group generally nets out for 2020. And then as we move forward, we have the benefit of maintaining that $40 million of O&M savings as well as the fact that we hadn't anticipated raising about this amount of equity over the next three-year time period maybe slightly more already so that dilution from there is not as material as we move forward.

And then we have the announced dividend -- our dividend cut which gives us additional retained earnings. So it's really the combination of all of those that allow us to reiterate 2020 guidance and also reiterate rate-based growth and EPS growth of 5% to 7%. Kristie, would you like to add anything to that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

I think you covered it well.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Terrific. Thanks guys. So much. Congrats on moving forward. And congrats on the deal with (inaudible) team. Congrats.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you very much.

Operator

Thank you. Our next question comes from Insoo Kim with Goldman Sachs. Your line is now open.

Q - Insoo Kim {BIO 19660313 <GO>}

Thank you. My first question is regarding just financing. With the $1.4 billion rate that you guys did, how do you think about the buffer that you have or maybe the potential levers that you could pull in the hypothetical scenario that Enable needs to cut it's distribution, again?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. I'll start out first on Enable and that is for the reasons I talked about when I went through my presentation, we looked at a number of scenarios and they were downside scenario, lower oil prices for longer. And when we made the decision the current distribution by 50% we felt very good that, that was the right level. And even though we have seen because of physical constraints some shut-ins, we've seen some positives too.

So we still remain confident in Enable's ability to maintain that 50% distribution and pull their own levers related to O&M and capital. So that's the starting point, but I'll let Kristie speak to the other part of our strengthening our balance sheet and how we look at that.

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yeah, I mean this transaction has strengthened our FFO to debt. And as John mentioned, we are not currently anticipating any cut in the distribution from Enable.

Q - Insoo Kim {BIO 19660313 <GO>}

Just in the scenario that may be something like that does happen in a very worst case scenario, are your conversations with Moody's, do you have a little bit more room on FFO to debt side to absorb some of that, additional impact?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yeah, I think we would have conversations about the increased level of regulated percentage in our earnings and our business with the rating agencies at that point.

Q - Insoo Kim {BIO 19660313 <GO>}

Understood. And just one quick follow-up on the strategic review from a stand-alone CenterPoint's standpoint, is the strategy all equal still to try to tend towards that 90% utility earnings by 2024?

A - John W. Somerhalder {BIO 1770282 <GO>}

Well, that's the foundation we start on. And that's what we have seen really aligns with what we believe are our shareholders' interests. So that's the starting point, but we will comprehensively with that business review committee, evaluate the best options to further maximize shareholder value. So, yes. Yeah, that's the starting point.

Q - Insoo Kim {BIO 19660313 <GO>}

Got it. Thank you and stay safe everyone.

Operator

Thank you.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Our next question comes from Michael Weinstein with Credit Suisse. Your line is now open.

Q - Michael Weinstein {BIO 19894768 <GO>}

Hi, good morning. I just want to make it clear. You guys are in that FFO to debt target range for 2020, you're starting off in that range as you go forward?

A - Kristie L. Colvin {BIO 18874385 <GO>}

With the equity issuance we're a little higher. We're expecting to be a little higher than that in 2020 and then our long-term range is 14 to 14.5.

Q - Michael Weinstein {BIO 19894768 <GO>}

Got it. And in terms of the COVID sensitivities. You had a -- it starts off with the pretty bad April but you're expecting to get better over the summer and then beyond that. Do you have any kind of a ballpark estimate of were seeing -- how much worse the $0.05 to $0.08 could get. Yes, let's say, for instance, the April downturn of 15% to 20% at least of the commercial and 10% to 15% industrial reduction. If that continued at that level for the rest of the year for instance? Where, how much more would it get?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. I can give you some general ballpark, but again our experience because of -- even though we had it reduced industrial we're not very sensitive because of the way the rates are designed on industrial, we're not very sensitive there. And the commercial downturn was in line with what we had expected and we saw positive on the residential side, both in Houston and in Indiana. So what we saw in April, was very much in line with what we had estimated. And then if you extrapolate that out for the conditions we talked about through August, it was also in that $0.05 to $0.08, but clearly you can extrapolate that out. We don't anticipate that it will impact us through the full year, but you can extrapolate out of that $0.01 to $0.02 impact, four more months and that would be in line with what would happen should that scenario occur. Kristie, you want to add to that?

Q - Michael Weinstein {BIO 19894768 <GO>}

$0.01 to $0.02 per month for additional months is that what you're looking at?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. Kristie, you see it differently than that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

No.

Q - Michael Weinstein {BIO 19894768 <GO>}

Okay. And maybe just one last question, if you could just maybe comment on the status of the oil and gas industry and your service territory and what's going on there? What your assumptions are for oil and gas refining and drilling part of your customer base?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, I mean clearly Houston's economy is tied to the oil and gas business. The good news is less tied to that business over time, and we've seen Houston do very well through downturns in the past. I mean with robust growth of 2% plus, our customer count in good times and what we've seen is still stay positive even even through downturn. So we still expect very good market area there. But, yeah, we will monitor. It's too early to tell now, but we'll monitor what impact oil and gas downturn may have on our growth rate moving into next year and update you as we see more. At this point, as we set today we saw still good growth right up through the end of March on customer counts. We still see that we're connecting new developments and new areas so at this point we haven't seen that, but we will monitor closely.

Q - Michael Weinstein {BIO 19894768 <GO>}

Okay, all right, thank you very much. A lot of hard work, getting done. Thank you very much.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Steve Fleishman with Wolfe Research LLC. Your line is now open.

Q - Steve Fleishman {BIO 1512318 <GO>}

Yeah, hi, good morning.

A - John W. Somerhalder {BIO 1770282 <GO>}

Hey, Steve. Hey, John. So, just I'm curious if you had conversations on this already with the rating agencies and did you get any sense that it would be possible that they might remove the negative outlook or any color there would be helpful. Yeah, I'll comment first. Clearly this is positive, but yeah, Kristie can tell you about the actual conversations and where those could move.

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yeah, I mean we have had conversations with the rating agency. This should be considered positive. We have to get past to CES sale, before I think we would see any change from the agencies.

Q - Steve Fleishman {BIO 1512318 <GO>}

Okay. And when are you expecting that to close?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Second quarter.

Q - Steve Fleishman {BIO 1512318 <GO>}

Then all is good on that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yeah.

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, yeah. I mean, we're still working very closely with the buyer. On transition, putting the organization, plus what services we will provide, employee issues. And as we talked about before, the agreements works very well and gives both parties certainty about being able to close. So right now we feel very good about it.

Q - Steve Fleishman {BIO 1512318 <GO>}

Okay. And then I have one other follow-up question. Just in this business valuation review, obviously, the one non-utility business left is Enable and that Enable was reviewed by the company several years ago and in the end nothing really happened. Is it -- is there any reason to think that there might be more options or new options this time then three or four years ago?

A - John W. Somerhalder {BIO 1770282 <GO>}

Steve, I don't know at this point. Clearly, we reviewed it in great detail, looked at various options and concluded the path forward that we took back then made the most sense, but the business review committee will review options related to this. So, way too early to speculate though on whether other options could be identified or not.

Q - Steve Fleishman {BIO 1512318 <GO>}

Okay, thank you.

Operator

Thank you. Our next question comes from Aga Zmigrodzka with UBS. Your line is now open.

Q - Aga Zmigrodzka {BIO 22331833 <GO>}

Good morning. So, you talked a lot about the cost savings of $40 million. As you continue to review, what do you think could be the potential upside to this number across your footprint?

A - Kristie L. Colvin {BIO 18874385 <GO>}

And we are targeting $40 million of savings.

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. And we're -- we feel very good about that number because as Kristie mentioned, we have line of sight directly, things we'd already worked on earlier this year related to our corporate structure and support services and some ITIS type costs that had been identified. Longer term, it really is a matter of looking at a all types of things, from how we use contractors and our contracts are very important to us, but what's the right approach there, supply chain, savings, use of technologies, other technologies, work management systems.

So we'll be digging into those issues in detail. Now that we've made the decisions and positioned the company now with flexibility on strong balance sheet moving forward. So it's too early to say what the potential is. Right now, we're trying to ensure that we have certainty around the $40 million.

Q - Aga Zmigrodzka {BIO 22331833 <GO>}

And you talked about the moving parts in 2020. Utility EPS guidance, could you maybe provide a little more detail on the per share impact from the tax benefit from Cares Act?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes. In the first quarter, we had a $19 million tax benefit from the Cares Act, we also expect to have a future quarter benefit in around a $10 million range to earnings also with favorable cash flows.

Q - Aga Zmigrodzka {BIO 22331833 <GO>}

Perfect, thank you and stay safe.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Our next question is from Julien Dumoulin-Smith with Bank of America. Your line is now open.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hey, good morning to you. And congratulations on all the progress here.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thanks Julien.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Okay. Absolutely. It's a pleasure, Wanted to follow-up on the outlook through '24 here. Can you comment specifically about expectations for earning year optimized returns? I know that obviously there is some gyrations in the current year related to COVID, but as you see achieving this five to seven just specifically within that kind of going back to the, where the first questioner started what are your embedded earned returns? And how do you think about equity in that plant after '22 through '24? And then maybe implicit within this, just to make sure I'm squaring this away appropriately. Given that you have this equity issuance in the first couple of years, is the plan back half weighted? Just to kind of think about the equity being able to fund some earnings there.

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, actually. I'll start out with the equity piece and then comment on the returns, some of those issues. But actually, because of the dividend reduction down to targeting 50% to 55% on our regulated earnings. We have more retained earnings in those out years, so we issue an amount of equity through 2022 in the range of the $1.4 billion, which is pretty much in the range we had before, maybe slightly lower, but because of the rate retained earnings in the back side, the old forecast of 300 to 500 per year in that time period, actually there is lower pressure on that now. We believe that will be less in the out years so we'll get the benefit of of the things we've talked about, the O&M savings and the dividend cut.

So not back end loaded at all in fact more modest needs in the back end of the plan, which really helps with the 5% to 7% growth when we're issuing less equity out in those time periods and have the $40 million of O&M savings. And what we're targeting is very much in line with our allowed returns. If we look at Houston Electric we target very close to the 9.4% return on equity with that back cap structure and pretty similar in the other jurisdictions. Kristie, add to that if I have anything that I missed on that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

I think you covered it well.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Okay. Then turning to the strategic side of things just real quickly. Perhaps clarifying your prior comments here. What is on the table, with respect to the strategic review? Just to ask it more explicitly and bluntly, if I may, you commented on Enable here, just want to perhaps make sure we're fully encompassing and understanding what is contemplated? And how do you think about this, again against the backdrop of having had processes in the past?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, I mean in the past, a lot of the processes that went on were effective, they were more led by the management team. What we have now is a group, including two new directors, two existing directors or three if you count me, but the five with us will be looking at this. So it will be a Board level with that new set of experiences involved in at Board level and it will be comprehensive. We'll look at our businesses in total to make sure that we move forward in the most optimized way. So it's similar in some ways, but it has the changes I just talked about. So we're very, we're very encouraged by that. We think it's the right time to further optimize our business.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Yeah. Just in terms of the plan. Just to clarify this, should we expect management updates and appointments prior to the conclusion of the process?

A - John W. Somerhalder {BIO 1770282 <GO>}

The plan right now and is clearly the committee, I think will function under its charters through October, and so a normal time that we made we'll talk about that would be in an Investor Day, early in 2021 that would be the base plan. But obviously if there is something that should be communicated before, that we would do that. But the normal schedule is what I first laid out.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Right. So no updates to management in the interim either?

A - John W. Somerhalder {BIO 1770282 <GO>}

Well, should anything occur that we need to update you all on and make public we would do that, but the base plan is to take that amount of time and then be prepared to announce changes and direction certainly at the conclusion of that process, but surely anything happen that changes that we would obviously make public, as appropriate.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. Excellent. Thank you all very much. Best of luck. Talk to you soon.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thanks, Julien.

Operator

Thank you. Our next question comes from Anthony Crowdell with Mizuho. Your line is now open.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Good morning. Hopefully, one question, one follow up. I think a little off a Julien's question and more on the CEO search. Any update on the CEO search on timing of when we may find out? How -- when the Board selects someone?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. I mean the very good news is that the committee has been working for a tight -- well, pretty much since we stood that committee up and they've been very, very rigorous around that. We have a search firm in place. They've identified the large number of candidates. They've conducted interviews with a number of candidates. And so we're now more on the backside of that search process. But until its the absolute right person is picked and we can make sure what the timing is on transition period, it's not done till it's done, but I feel good that a lot of good work has been done and we're on the back side of getting that taken care of.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great. And then lastly, just more fine tuning, the $40 million of additional O&M cuts that company has identified in 2020 and I think you've answered this, maybe I missed it, are they more at the parent company, are they more at the operating utility company?

A - John W. Somerhalder {BIO 1770282 <GO>}

I'll start out, but, yeah, more than half of it that's been identified is more at the company level, more support services and some of those things as we look at the new mix and more utility focused. Some of those just fit with how we looked at the support services moving forward. But there will be some, some that each of our business units will develop as well. So there will be some, but a good percentage of them are at corporate level. Kristie add to that for me, please.

A - Kristie L. Colvin {BIO 18874385 <GO>}

No, I think that's right. They'll be across the board, but again, over half we've identified our support level activities.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great. Thanks for taking my questions and stay healthy.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you. You too.

Operator

Thank you. Our next question comes from Paul Patterson with Glenrock Associates. Your line is now open.

Q - Paul Patterson {BIO 1821718 <GO>}

Hey, good morning. Can you hear me?

A - John W. Somerhalder {BIO 1770282 <GO>}

Good morning. Yeah. Good morning.

Q - Paul Patterson {BIO 1821718 <GO>}

So I just wanted to sort of follow up on the business review process. I mean last time on the fourth quarter, it sounded like you guys weren't really looking at necessarily that wider range of potential business combinations or what have you. We have the new investors with this investment what have you. Should we think that perhaps the business review is now perhaps about a wider range of potential options that almost anything could be on the table to enhance shareholder value?

A - John W. Somerhalder {BIO 1770282 <GO>}

Well, the way I look at it is the business review committee will really look at the business plans across all of our business and think through everything from appropriate regulatory strategies and breakthrough best ways to optimize and how businesses fit together. So I mean that's something you do on a normal basis anyway. So it brings a fresh set of eyes with good experience with our new directors involved through the process. So I think it's in line with what a company normally would do, but with really good expertise, with the opportunities we have now to really take a fresh look at it. So it is different, it's a very powerful process I think we can follow and they will make recommendations to the Board for the Board to act on in the time period we talked about. So we think it's a good thing to do moving forward.

Q - Paul Patterson {BIO 1821718 <GO>}

Sure. But I guess I'm sort of wondering is, if there was the potential for a sale of the company or what have you, is there -- is that off the table I guess is what I'm saying. I mean in other words, would you guys be willing to look at anything that depending on obviously what it is and obviously what the standalone plan is and what your outlook is, should we think of is pretty much anything is on the table potentially as long as you guys see it is in shareholder value or are there certain things that you feel, hey, that just isn't in our game plan, so to speak?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. The starting point is truly looking at how our businesses are operating and how they function, optimizing those, making the right business decisions in total around the base of this great sort of utility assets. So that's the starting point. That's the focus. Every company has got to consider the other options that you've talked about. That's not where we're starting with this committee. This committee is designed to review, the go-forward plan as great set of utility assets and how to optimize those and configure those correctly moving forward.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay, great. And then just finally on Indiana Electric, the write down, was that goodwill? I wasn't completely clear when you said the fair value, is that got anything to do with fair value accounting with respect to the rate base or anything or is that sort of a -- could you just elaborate a little bit further on what the impact is actually at the utility in terms of, if there is one, in terms of either equity or what have you at the utility level in terms of regulatory rate making what have you?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes, that was goodwill and it should not impact the regulated utility.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay, awesome. Thanks so much.

Operator

Thank you.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Our next question comes from Jeremy Tonet with JP Morgan. Your line is now open.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Good morning. Just wanted to kind of build on some of the points that you touched on here. With regards to the FFO to debt trajectory, just want to see if something by chance moves against you here like Enable dividend cut or something like that, just want to see what levers you have left to pull at this point. Could that include kind of like more capex deferrals or just any thoughts you have there would be helpful?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah. I'll start out. I mean one of the things we would do we, especially with the strength of our balance sheet now heading into that. Couple of things we do is work -- continue to work with the rating agencies going on and talk through the fact that our regulated versus unregulated the next would be enhanced if should that occur. Again, we feel good about Enable's distributions, but that would be where it would start. But clearly, we've taken some very positive steps we believe already, but clearly under those circumstances, we would look at other alternatives and the type that you mentioned would be things that would be evaluated, whether that's a little less capital or continuing to see if we can optimize O&M. We'd look at those as other possible ways that make sure we kept the best balance sheet moving forward. Kristie, add to that please.

A - Kristie L. Colvin {BIO 18874385 <GO>}

I think that covered it pretty well.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. Thanks for that. And just a follow up question with regards to COVID-19 here. Just when do you expect to have clarity on COVID deferrals for the remainder of your jurisdiction?

A - John W. Somerhalder {BIO 1770282 <GO>}

Kristie. I mean my understanding is we have a large number, we have good line of sight on -- I mean are already taken care of. My understanding is most of our jurisdictions work to be addressing those issues in the near future. Does someone have a better time estimate on that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yeah. I was going to let Jason cover that.

A - Jason M. Ryan {BIO 20096804 <GO>}

Sure. Hey, this is Jason Ryan. Good morning. So the Oklahoma Commission voted to approve an accounting order earlier this morning. The Minnesota Commission is discussing that topic, I believe as we sit here right now. So I don't have an update on where they're headed, but they are looking at that. And we've been working with our industry colleagues and regulators in

Indiana on this top end -- topic and expect to file an application seeking an accounting order either late this week or early next. So that would take care of all of our jurisdictions given that most of them have already active.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That's helpful. That's it from me. Thanks.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Charles Fishman with Morningstar. Your line is now open.

Q - Charles Fishman {BIO 4772353 <GO>}

Good morning. In the current guidance, 2020 guidance, utility contribution 88%, midstream 12%. Yeah, John, in the April 1 news release you anticipated utility earnings contribution increasing to nearly 100% over the next few years, that would imply to me that your preference and would realize you've got this the review board now. But your preference at that time was to probably either divest completely or partially Enable. Am I reading more into that quote than I should or is there something else going on that I don't understand?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, I mean. Effectively what happened is, when we looked at the Enable distribution cut of 50% it was based on the fact that we expect a very little drilling activity to occur this year and heading into next year and is lower for longer period we're in. And so the results are, we took that proactive step on distribution cuts to really protect the liquidity of Enable, as they head into lower earnings in the next year and even moving a little further than that.

So just naturally, as those earnings go to where we expect under this no significant drilling in some of those basins from time period I talked about that takes the earnings contribution from midstream down just naturally there. And then on top of that, we're continuing to invest heavily in our regulated business. So you have the positive of the regulated coming up and then just that normal trajectory that we anticipated when we cut distributions to 50% that will result in 95 plus percent, I think regulated earnings mix. Now Kristie, there may be a little bit more on that related to the impairment and how that impacts that, is that correct?

A - Kristie L. Colvin {BIO 18874385 <GO>}

I mean there will be basis accretion as a result of these impairments. But we do still expect that the utility will grow to the 95% of the contribution.

Q - Charles Fishman {BIO 4772353 <GO>}

Okay, that's helpful. Thank you. That's all I had. Stay safe guys.

Operator

Thank you. Our next question comes from Ashar Khan with Viridian. Your line is now open.

Q - Ashar Khan {BIO 19979997 <GO>}

Hi, good morning and congratulations. I think so the Board did a terrific job and congratulations. I wanted to, as you mentioned a little bit, but it would really help, because the last thing left in this whole picture is the new CEO. Can you be a little bit more -- what timeframe? Of course, quicker the better, but do you have any specific date by which we can heard that announcement?

A - John W. Somerhalder {BIO 1770282 <GO>}

No, I think we feel positive about the fact that process is moved to this point, we have very good identified candidates. But as you know, until you finalize something and when you're looking for someone that's got a really strong track record on utility operations of these type businesses, understands that business, focus on strong balance sheet, we want to make sure, we take the time to absolutely get the right person.

But I feel very good about the individuals that are being talked to now. And so I think it can happen in a reasonably short time period, but until all of those issues are worked out, I'm sorry I can't more specifically commit to an exact time. But like I said, I feel good about that we've made really good progress to this point and that it can happen in a reasonably short time period moving forward.

Q - Ashar Khan {BIO 19979997 <GO>}

Okay, thank you. And if I may just ask you one question on the accounting side. The tax benefits that you mentioned, are they only for this year? I guess, you mentioned $19 million and another $10 million, do they go away or do the carry on into next year?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes. They go away.

Q - Ashar Khan {BIO 19979997 <GO>}

They go away. And then you also mentioned that we get some amortization benefit, how much is that? And does that keeps on ongoing?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Amortization, referring to the basis accretion or?

Q - Ashar Khan {BIO 19979997 <GO>}

Yes, correct.

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes, that would keep on going.

Q - Ashar Khan {BIO 19979997 <GO>}

That would keep and how much is that in itself?

A - Kristie L. Colvin {BIO 18874385 <GO>}

It's estimated to bring the $47 million a year, up a $100 million annually.

Q - Ashar Khan {BIO 19979997 <GO>}

And starting this year?

A - Kristie L. Colvin {BIO 18874385 <GO>}

I think this year because it starting in -- not in the beginning of the year would be about $85 million in total and our year is usually $47 million.

Q - Ashar Khan {BIO 19979997 <GO>}

So, previously you had thought of $47 million when you gave the initial guidance. And now it is $87 million?

A - Kristie L. Colvin {BIO 18874385 <GO>}

$85 million. Yes

Q - Ashar Khan {BIO 19979997 <GO>}

$85 million. So that is an increase of that and that is going to be around a $100 million. And how long is that going to last?

A - Kristie L. Colvin {BIO 18874385 <GO>}

It's almost 28 or so years.

Q - Ashar Khan {BIO 19979997 <GO>}

Okay. I mean if...

A - John W. Somerhalder {BIO 1770282 <GO>}

And that primarily impacts the midstream or unregulated earnings.

Q - Ashar Khan {BIO 19979997 <GO>}

I understand, I understand, but I just wanted to make sure I have the accounting right. Thank you. Thank you so much.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Thank you. Our next question comes from James Thalacker with BMO Capital Markets. Your line is now open.

Q - James Thalacker {BIO 1794957 <GO>}

Thanks guys. Can you hear me?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes.

A - John W. Somerhalder {BIO 1770282 <GO>}

Yes James. Good morning.

Q - James Thalacker {BIO 1794957 <GO>}

I apologize if I missed it somewhere on the 8-K, but I was just wondering if you've disclosed what the terms of the convertibles were. I'm just trying to understand are you -- in your presentation for 2020 in the 5% to 7% growth rate are you assuming sort of as issued in the share count?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yeah, I think, yes, between the 8-K and what we've posted on our website. I think that those terms and conditions are have been disclosed and had not have then filed. So I think that's in there, but Kristie, would you take the other part of that question?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes. As to the calculation of guidance we will treat the preferred as if it was common in the dilution calculation.

Q - James Thalacker {BIO 1794957 <GO>}

Okay. And so the 5% to 7% then would reflect that dilution through the forecast period.

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes.

A - John W. Somerhalder {BIO 1770282 <GO>}

That's correct. And they do. There is a mandatory convert on those 12 months out.

A - Kristie L. Colvin {BIO 18874385 <GO>}

Right.

Q - James Thalacker {BIO 1794957 <GO>}

Okay, great. Thank you very, very much.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

Operator

Thank you. Our last question is from Antoine with Bank of America. Your line is now open.

Q - Antoine Aurimond {BIO 20263073 <GO>}

Hey, good morning and thank you so much for taking my question. I just wanted to be.

A - John W. Somerhalder {BIO 1770282 <GO>}

Hey Antoine.

Q - Antoine Aurimond {BIO 20263073 <GO>}

I just wanted to be -- hey how are you? Just wanted to be clear on the equity needs. So total equity needs through 2022 are not necessarily different from what you had previously? And you had the $300 million to $500 million in both '21 and '22 as you had mentioned. Is the idea that the bulk of that will now be met with new holdco debt issuance. So more of a timing shift or is it the O&M savings a dividend cut that essentially take care of that?

A - John W. Somerhalder {BIO 1770282 <GO>}

Yes. If the question in '23 and '24 we still will have some equity needs, but I would based upon what we're looking at now, anticipated plan we've estimated to be lower than the $300 million to $500 million range we estimated before. And Kristie, can you give more of -- more information on that?

A - Kristie L. Colvin {BIO 18874385 <GO>}

I mean, that's correct. As you said, with the dividend cuts we did, and it is lower than anticipated in those years.

Q - Antoine Aurimond {BIO 20263073 <GO>}

And typically are you going to -- So since today's announcement take care of equity need through '22. Did the '21 and '22 that you were going to issue is that going to be met with the new holdco debt issuance?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Well, we issued $1.4 billion to today and our plan was to issue $800 million in 2020 and between $300 million and $500 million in '21 and '22. So at the midpoint of '21 and '22 that would have been $1.6 billion versus the $1.4 billion we're doing, so we've satisfied our needs upfront for these three years.

Q - Antoine Aurimond {BIO 20263073 <GO>}

Got it. And to be. Lastly, to be abundantly clear have you vetted to-date plan with the rating agencies?

A - Kristie L. Colvin {BIO 18874385 <GO>}

Yes, we have been in contact with the rating agencies with regards to this plan, and we expect them to consider favorable.

Q - Antoine Aurimond {BIO 20263073 <GO>}

Okay, perfect. Thank you so much.

A - John W. Somerhalder {BIO 1770282 <GO>}

Thank you.

A - David Mordy {BIO 20391499 <GO>}

I do not believe we have any more questions. Thank you everyone for your interest in CenterPoint Energy. We will now conclude our first quarter 2020 earnings call. Have a great day.

Operator

This concludes CenterPoint Energy's first quarter 2020 earnings conference call. Thank you for your participation.