

Improved growth durability, limited immediate consensus upside

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$2.19 billion	\$2.17 billion	+0.9%
Diluted EPS	53c	50c	+6%
SEGMENT REVENUE			
Electric	\$1.55 billion	\$1.49 billion	+4.0%
Natural Gas	\$640.0 million	\$737.4 million	-13.2%

2 | GUIDANCE AND OUTLOOK

2026 adjusted EPS rises to \$1.90–\$1.92 from \$1.89–\$1.91; 2027 starts at \$2.07–\$2.09. EPS growth at the mid-to-high end of 7%–9% extends through 2030, versus 2028; 7%–9% through 2035 is reaffirmed. Capital spending will finish modestly below the \$6.8 billion target, with catch-up in Q1 2027. CAMT recovery, previously partly expected in Q3, is now expected by year-end. ERCOT’s earlier April 2027 study timetable will not be met. Indiana’s large-load agreement remains expected by year-end.

3 | EARNINGS ANALYSIS

ELECTRIC DROVE THE REVENUE BEAT. Electric generated approximately 71% of consolidated revenue and drove reported revenue growth. Its consensus beat contrasted with a natural-gas revenue shortfall. Gas revenue includes commodity-cost recovery, so the miss cannot be translated into an equivalent earnings shortfall; the call lacked a sufficient margin bridge. Segment consensus figures do not reconcile to consolidated consensus and cannot form a consistent beat-and-miss bridge.

CORE PROGRESS OUTPACED HEADLINE GROWTH. Growth and rate recovery added \$0.09 of EPS year over year; weather and usage added \$0.03, other items reduced EPS by \$0.05, and financing absorbed \$0.04. Rate recovery reflected a full quarter of rates implemented in June, a more durable contribution than favorable weather. Weather and usage equaled the consensus beat, but the bridge is year-over-year, not versus expectations. A weather-normalized result cannot be calculated. Other items primarily reflected an absent tax remeasurement benefit. Adjusted income excluded \$23 million, including \$19 million of temporary-generation costs. These exclusions improve comparability without eliminating their shareholder cost.

CAPITAL ARRIVES BEFORE EARNINGS. The \$70.7 billion capital plan adds \$4 billion; another \$1.5 billion is accelerated, not additional spending. Of the combined projects, \$4.5 billion is expected by 2030, beginning in 2027; the principal earnings impact builds beyond 2027. Approximately 85% of initial transmission projects are brownfield, and nearly all added investment qualifies for existing trackers. Those advantages do not finance construction before service entry. Investment through Q3 was \$4.1 billion.

FINANCING CONSTRAINS PER-SHARE CONVERSION. The equity requirement rises by \$1.6 billion to \$4.5 billion, with approximately \$4 billion expected during 2027–2030. Adjusted FFO-to-debt improved to 13.7% from 13.4%, before prospective sale and CAMT benefits. Temporary-generation monetization is a financing event rather than a direct adjusted EPS catalyst. Rate-base growth above 14% lacks a quantified bridge to approximately 8%–9% EPS growth. The 2026 midpoint matches consensus; 2027’s \$2.08 midpoint falls below the \$2.09 estimate. Investment-opportunity visibility improved more than visibility of incremental shareholder returns.

LOAD COMPOSITION REQUIRES DISCIPLINE. Approximately 10 GW of higher-confidence load remains intact, but studied load fell from approximately 4 GW to approximately 2 GW. The current target of at least 14 GW by 2030 includes smaller transmission and distribution additions, unlike the prior Batch Zero headline. The unchanged headline obscures a changed mix. Capacity does not establish fully utilized demand. December 10 is a verification catalyst, not a guaranteed energization date.

4 | KEY READ-THROUGHS

CONDITIONAL MEGAWATTS REQUIRE A DISCOUNT
Cipher Digital (CIFR), IREN (IREN) | Negative | Potentially high for development-option valuations
Approximately 2 GW of studied load withdrew, representing approximately 50% attrition in the less-developed category. Approval delays postpone revenue and extend carrying costs. Cipher’s approximately 3.4 GW ERCOT pipeline and IREN’s conditional 2 GW Sweetwater hub illustrate exposure, not evidence either withdrew. Energized, contracted assets merit differentiation from unapproved capacity; operating-facility earnings face limited immediate impact. The December 10 audit can change development valuations before earnings.

HOUSTON’S NETWORK BUILD SUPPORTS EXISTING GENERATION VALUE
Vistra (VST), NRG Energy (NRG) | Positive | Medium to potentially high over several years
Houston’s network build expands delivery capability, not equivalent generation supply. At least 14 GW of additions by 2030 supports demand for generation, hedging, and customer supply. Vistra’s approximately 94% 2027 and 72% 2028 company-wide generation hedges delay earnings transmission. NRG’s retail obligations require assessing net exposure. New supply can offset scarcity; durable benefits depend on energization, customer ramping, and hedge roll-off through 2028–2030.

THE GAP BETWEEN CAPITAL GROWTH AND PER-SHARE VALUE IS WIDENING
CenterPoint Energy (CNP), American Electric Power (AEP), Sempra (SRE) | Negative | Medium for sector valuation
CenterPoint’s remaining equity requirement rose approximately 55%, despite more efficient incremental funding. Interest, dilution, and recovery lag govern shareholder conversion. AEP and Sempra face the same analytical test, not an automatic EPS downgrade. Sempra’s cash-flow and capital-recycling base plan differentiates funded growth from upside. Trackers recover costs after service entry but do not fund years of construction; suppliers monetize activity while utilities finance assets.

BROWNFIELD TRANSMISSION IS A MORE EXECUTABLE OPPORTUNITY
Quanta Services (PWR) | Positive | Medium for the multiyear addressable opportunity
Approximately 85% of initial projects are brownfield, predominantly at 345 kV and 138 kV. Reconductoring and substation upgrades require specialized engineering, crews, and outage coordination. Existing corridors reduce siting risk, improving conversion into executable work, but do not guarantee high margins. The 85% describes project mix, not spending. Quanta’s AEP partnership establishes capabilities, not a CenterPoint award; catalysts are 2027 backlog formation and project awards.