



CenterPoint Energy Reports Third Quarter 2005 Earnings

HOUSTON, Nov 03, 2005 /PRNewswire-FirstCall via COMTEX News Network/ -- CenterPoint Energy, Inc. (NYSE: CNP) today reported net income of \$50 million, or \$0.15 per diluted share, for the third quarter of 2005 compared to a net loss of \$1.1 billion, or \$3.66 per diluted share, for the same period of 2004.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20020930/CNPLOGO>)

The net loss for the third quarter of 2004 included an \$894 million extraordinary charge to earnings for the write-down of generation-related regulatory assets resulting from the Public Utility Commission of Texas' (Texas PUC) deliberations in the company's stranded cost proceeding, and a \$259 million net loss from discontinued operations related to the sale of Texas Genco Holdings, Inc.

Income from continuing operations before extraordinary item for the third quarter of 2005 was \$50 million, or \$0.15 per diluted share, compared to \$17 million, or \$0.05 per diluted share, for the third quarter of 2004. The third quarter of 2005 included after-tax income of \$23 million, or \$0.07 per diluted share, related to interest on the company's authorized true-up balance.

"I am pleased with the company's overall performance in the quarter despite the challenges brought on by two major hurricanes along our Gulf Coast service territories," said David M. McClanahan, president and chief executive officer of CenterPoint Energy. "We were fortunate to have avoided significant damage to our natural gas or electric delivery systems. And I'm extremely proud of our employees' extraordinary efforts in working to secure our systems and restoring power and natural gas service to our customers, as well as assisting other neighboring utilities.

"Additionally, I am pleased that we've started to recover a portion of our stranded cost true-up balance through a competition transition charge, and we expect to recover the remainder of our authorized true-up balance by the end of the year through the issuance of transition bonds."

For the nine months ended September 30, 2005, net income was \$171 million, or \$0.51 per diluted share, compared to a net loss of \$1 billion, or \$3.25 per diluted share, for the same period of 2004. Net income for the nine months ended September 30, 2005, included an extraordinary gain of \$30 million related to an adjustment to the extraordinary loss recorded in the second half of 2004 as a result of actions taken by the Texas PUC. The net loss for the nine months ended September 30, 2004, included the \$894 million extraordinary charge to earnings discussed above and a \$154 million net loss from discontinued operations related to the sale of Texas Genco Holdings, Inc.

Income from continuing operations before extraordinary item for the nine months ended September 30, 2005, was \$144 million, or \$0.43 per diluted share, compared to \$43 million, or \$0.14 per diluted share, for the same period of 2004. The nine months ended September 30, 2005, included after-tax income of \$68 million, or \$0.19 per diluted share, related to interest on the company's authorized true-up balance.

OPERATING INCOME BY SEGMENT DETAILED

Electric Transmission & Distribution

The electric transmission & distribution segment reported operating income of \$183 million in the third quarter of 2005, consisting of \$174 million for the regulated electric transmission & distribution utility (TDU) and \$9 million for the transition bond company, which is an amount sufficient to pay interest on the transition bonds. Operating income for the third quarter of 2004 totaled \$178 million, consisting of \$169 million for the TDU and \$9 million for the transition bond company.

The TDU's revenues continued to benefit from solid customer growth, with nearly 53,000 metered customers added since September 30, 2004. Revenues also increased due to favorable weather, the implementation of a competition transition charge (CTC) to begin recovery of a portion of the company's true-up balance and higher transmission cost recovery. Operation and maintenance expenses increased primarily due to higher transmission costs and the absence of a gain on a land sale recorded in the third quarter of 2004. Depreciation and amortization expense increased primarily as a result of the amortization of the regulatory asset and rate case expenses being recovered through the CTC.

In September, the TDU's service area in Texas felt the impact of hurricane Rita. Although damage to its electric facilities was

limited, over 700,000 customers lost power at the height of the storm. The utility restored power to over a half million customers within 36 hours and all power was restored in less than five days. Revenues lost as a result of the storm were more than offset by warmer than normal weather during the quarter. Restoration costs in the TDU's service area are estimated to be in the range of \$20 - \$30 million and will be deferred for future recovery.

Operating income for the nine months ended September 30, 2005, was \$385 million, consisting of \$358 million for the TDU and \$27 million for the transition bond company. Operating income for the same period of 2004 totaled \$390 million, consisting of \$361 million for the TDU and \$29 million for the transition bond company.

Natural Gas Distribution

The natural gas distribution segment reported an operating loss of \$12 million for the third quarter of 2005, compared to an operating loss of \$2 million for the same period of 2004. Due to seasonal impacts, the third quarter for this segment is typically one of the weakest of the year. Higher margins in the company's natural gas distribution business from rate increases and customer growth were more than offset by increased bad debt expense associated with high natural gas prices, an increase in depreciation and amortization expense and higher taxes other than income taxes. Increased margins from our non-rate regulated natural gas sales business were substantially offset by the effects of mark-to-market accounting related to non-trading financial derivatives used to lock in economic margins of certain forward gas sales.

During the quarter, the company's east Texas, Louisiana and Mississippi natural gas service areas were affected by hurricanes Katrina and Rita. Damage to the company's facilities was limited, but approximately 10,000 homes and businesses were damaged to such an extent that they will not be taking service for some time. The storm restoration costs and the impact on the company's operating income are expected to be limited.

Operating income for the nine months ended September 30, 2005, was \$146 million compared to \$137 million for the same period of 2004.

Pipelines and Gathering

The pipelines and gathering segment reported operating income of \$52 million for the third quarter of 2005 compared to \$35 million for the same period of 2004. The pipeline business achieved higher operating income driven by increased demand for transportation and ancillary services. The gas gathering operations benefited from increased throughput and demand for its services.

Operating income for the nine months ended September 30, 2005, was \$168 million compared to \$123 million for the same period of 2004.

Other Operations

The company's other operations reported operating income of \$2 million for the third quarter of 2005 compared to an operating loss of \$4 million for the same period of 2004.

The operating loss for the nine months ended September 30, 2005, was \$12 million compared to an operating loss of \$17 million for the same period of 2004.

RECOVERY OF TRUE-UP BALANCE

On September 13, 2005, the company started recovering a portion of its true-up balance approved by the Texas PUC when it implemented a CTC to collect \$600 million over 14 years, plus interest at an annual rate of 11.075 percent. The company has also begun to collect approximately \$24 million of approved rate case expenses over three years. In addition, the company expects to issue over \$1.8 billion in transition bonds before the end of the year to recover the remaining authorized true-up balance.

WEBCAST OF EARNINGS CONFERENCE CALL

CenterPoint Energy's management will host an earnings conference call on Thursday, November 3, 2005, at 10:30 a.m. Central time or 11:30 a.m. Eastern time. Interested parties may listen to a live, audio broadcast of the conference call at <http://www.CenterPointEnergy.com/investors/events>. A replay of the call can be accessed approximately two hours after the completion of the call, and will be archived on the web site for at least one year.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution and sales, and interstate pipeline and gathering operations. The company serves nearly five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas.

Assets total approximately \$16 billion. With more than 9,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at <http://www.CenterPointEnergy.com>.

This news release includes forward-looking statements. Actual events and results may differ materially from those projected. The statements in this news release regarding future financial performance and results of operations and other statements that are not historical facts are forward-looking statements. Factors that could affect actual results include the timing and outcome of the true-up proceeding and any legal proceedings related thereto, the timing and impact of future regulatory and legislative decisions, effects of competition, weather variations, changes in CenterPoint Energy's or its subsidiaries' business plans, financial market conditions, the timing and extent of changes in commodity prices, particularly natural gas, the impact of unplanned facility outages and other factors discussed in CenterPoint Energy's and its subsidiaries' Form 10-Ks for the period ended December 31, 2004, Form 10-Qs for the periods ended March 31, 2005, June 30, 2005 and September 30, 2005, and other filings with the Securities and Exchange Commission.

CenterPoint Energy, Inc. and Subsidiaries
 Statements of Consolidated Operations
 (Millions of Dollars)
 (Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2005	2004	2005
Revenues:				
Electric Transmission & Distribution	\$447	\$484	\$1,153	\$1,243
Natural Gas Distribution	1,149	1,651	4,525	5,411
Pipelines and Gathering	108	116	324	362
Other Operations	2	4	8	15
Eliminations	(37)	(37)	(113)	(119)
Total	1,669	2,218	5,897	6,912
Expenses:				
Natural gas	928	1,422	3,701	4,563
Operation and maintenance	319	336	932	974
Depreciation and amortization	126	145	362	411
Taxes other than income taxes	89	90	269	277
Total	1,462	1,993	5,264	6,225
Operating Income	207	225	633	687
Other Income (Expense):				
Gain (loss) on Time Warner investment	(31)	30	(40)	(29)
Gain (loss) on indexed debt securities	34	(29)	43	34
Interest and other finance charges	(183)	(168)	(554)	(521)
Interest on transition bonds	(9)	(9)	(29)	(27)
Return on true-up balance	---	35	---	104
Other - net	1	7	15	18
Total	(188)	(134)	(565)	(421)
Income from Continuing Operations Before				
Income Taxes and Extraordinary Item	19	91	68	266
Income Tax Expense	(2)	(41)	(25)	(122)
Income from Continuing Operations Before				
Extraordinary Item	17	50	43	144
Discontinued Operations:				
Income from Texas Genco, net of tax	109	---	241	11
Minority Interest related to Texas Genco, net of tax	(22)	---	(49)	---
Loss on Disposal of Texas Genco, net of tax	(346)	---	(346)	(14)
Total	(259)	---	(154)	(3)

Income (Loss) Before Extraordinary Item	(242)	50	(111)	141
Extraordinary Item, net of tax	(894)	---	(894)	30
Net Income (Loss)	\$(1,136)	\$50	\$(1,005)	\$171

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries
Selected Data From Statements of Consolidated Operations
(Millions of Dollars, Except Share and Per Share Amounts)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2005	2004	2005
Basic Earnings Per Common Share:				
Income from Continuing Operations	\$0.05	\$0.16	\$0.14	\$0.46
Loss from Discontinued Operations	(0.84)	---	(0.50)	(0.01)
Extraordinary Item, net of tax	(2.90)	---	(2.91)	0.10
Net Income (Loss)	\$(3.69)	\$0.16	\$(3.27)	\$0.55
Diluted Earnings Per Common Share:				
Income from Continuing Operations	\$0.05	\$0.15	\$0.14	\$0.43
Loss from Discontinued Operations	(0.83)	---	(0.50)	(0.01)
Extraordinary Item, net of tax	(2.88)	---	(2.89)	0.09
Net Income (Loss)	\$(3.66)	\$0.15	\$(3.25)	\$0.51
Dividends Declared per Common Share	\$0.10	\$0.07(A)	\$0.30	\$0.34 (A)
Weighted Average Common Shares Outstanding (000):				
- Basic	307,592	309,657	306,954	309,080
- Diluted	310,165	346,503	309,482	355,022
Operating Income (Loss) by Segment				
Electric Transmission & Distribution:				
Transmission & Distribution				
Operations	\$169	\$174	\$361	\$358
Transition Bond Company	9	9	29	27
Total Electric Transmission & Distribution	178	183	390	385
Natural Gas Distribution	(2)	(12)	137	146
Pipelines and Gathering	35	52	123	168
Other Operations	(4)	2	(17)	(12)
Total	\$207	\$225	\$633	\$687

(A) On January 26, 2005, the Company's board of directors declared a dividend of \$0.10 per share of common stock payable on March 10, 2005 to shareholders of record as of the close of business on February 16, 2005. On March 3, 2005, the Company's board of directors declared a dividend of \$0.10 per share of common stock payable on

March 31, 2005 to shareholders of record as of the close of business on March 16, 2005. This additional first quarter dividend was declared in lieu of the regular second quarter dividend to address technical restrictions that might limit the Company's ability to pay a regular dividend during the second quarter of this year. On June 2, 2005, the Company's board of directors declared a dividend of \$0.07 per share of common stock payable on June 30, 2005 to shareholders of record as of the close of business on June 15, 2005. On August 31, 2005, the Company's board of directors declared a dividend of \$0.07 per common share of common stock payable on September 30, 2005 to shareholders of record as of the close of business on September 12, 2005.

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries
Results of Operations by Segment
(Millions of Dollars)
(Unaudited)

	Electric Transmission & Distribution					
	Quarter			Nine Months		
	Ended	% Diff		Ended	% Diff	
	Sept. 30,	Fav/	(Unfav)	Sept. 30,	Fav/	(Unfav)
2004	2005		2004	2005		
Results of Operations:						
Electric transmission and distribution revenues	\$427	\$453	6%	\$1,099	\$1,164	6%
Electric transmission and distribution expenses:						
Operation and maintenance	136	155	(14%)	394	446	(13%)
Depreciation and amortization	63	69	(10%)	186	197	(6%)
Taxes other than income taxes	59	55	7%	158	163	(3%)
Total electric transmission and distribution expenses	258	279	(8%)	738	806	(9%)
Operating Income - Electric transmission and distribution utility	169	174	3%	361	358	(1%)
Operating Income - Transition bond company	9	9	---	29	27	(7%)
Total Segment Operating Income	\$178	\$183	3%	\$390	\$385	(1%)

Electric Transmission & Distribution
Operating Data: Quarter Ended September 30, Nine Months Ended September 30,
Actual MWH

Delivered	2004	2005		2004	2005	
Residential	8,511,639	8,871,356	4%	18,714,422	19,606,915	5%
Total	22,568,431	22,351,407	(1%)	56,633,719	57,134,034	1%

Weather (average
for service area):

Percentage of normal:

Cooling degree days	103%	113%	10%	102%	110%	8%
Heating degree days	---	---	---	86%	76%	(10%)

Average number
of metered
customers:

Residential	1,645,523	1,690,819	3%	1,633,890	1,675,904	3%
Total	1,870,128	1,921,594	3%	1,856,551	1,904,235	3%

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CenterPoint Energy, Inc. and Subsidiaries
Results of Operations by Segment
(Millions of Dollars)
(Unaudited)

Natural Gas Distribution

	Quarter		% Diff Fav/ (Unfav)	Nine Months		% Diff Fav/ (Unfav)
	Ended			Ended		
	Sept. 30, 2004	2005		Sept. 30, 2004	2005	
Results of Operations:						
Revenues	\$1,149	\$1,651	44%	\$4,525	\$5,411	20%
Expenses:						
Natural gas	959	1,456	(52%)	3,776	4,644	(23%)
Operation						
and maintenance	133	141	(6%)	416	414	---
Depreciation						
and amortization	36	39	(8%)	106	116	(9%)
Taxes other than						
income taxes	23	27	(17%)	90	91	(1%)
Total	1,151	1,663	(44%)	4,388	5,265	(20%)
Operating Income (Loss)	\$(2)	\$(12)	(500%)	\$137	\$146	7%

Natural Gas Distribution

Operating Data:

Throughput data in BCF

Residential	15	9	(40%)	121	107	(12%)
Commercial and Industrial	39	38	(3%)	171	158	(8%)
Non-rate regulated	113	160	42%	419	491	17%
Elimination	(32)	(26)	19%	(105)	(104)	1%
Total Throughput	135	181	34%	606	652	8%

Weather (average
for service area)

Percentage of normal:

Heating degree days	61%	34%	(27%)	95%	89%	(6%)
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Average number

of customers:						
Residential	2,777,212	2,820,629	2%	2,791,722	2,835,306	2%
Commercial						
and Industrial	242,111	244,249	1%	245,895	246,370	---
Non-rate regulated	6,249	6,515	4%	6,234	6,520	5%
Total	3,025,572	3,071,393	2%	3,043,851	3,088,196	1%

	Pipelines and Gathering					
	Quarter			Nine Months		
	Ended			Ended		
	Sept. 30,	% Diff		Sept. 30,	% Diff	
2004	2005	Fav/ (Unfav)	2004	2005	Fav/ (Unfav)	
Results of Operations:						
Revenues	\$108	\$116	7%	\$324	\$362	12%
Expenses:						
Natural gas	6	---	100%	33	25	24%
Operation and maintenance	52	47	10%	122	121	1%
Depreciation and amortization	11	12	(9%)	33	34	(3%)
Taxes other than income taxes	4	5	(25%)	13	14	(8%)
Total	73	64	12%	201	194	3%
Operating Income	\$35	\$52	49%	\$123	\$168	37%

Pipelines and Gathering Operating Data:

Throughput data in BCF

Natural Gas Sales	1	---	(100%)	8	4	(50%)
Transportation	181	199	10%	658	700	6%
Gathering	79	92	16%	233	262	12%
Elimination	---	(1)	---	(5)	(4)	20%
Total Throughput	261	290	11%	894	962	8%

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CenterPoint Energy, Inc. and Subsidiaries
Results of Operations by Segment
(Millions of Dollars)
(Unaudited)

	Other Operations					
	Quarter			Nine Months		
	Ended		% Diff	Ended		% Diff
	Sept. 30,	% Diff	Fav/ (Unfav)	Sept. 30,	% Diff	Fav/ (Unfav)
2004	2005		2004	2005		
Results of Operations:						
Revenues	\$2	\$4	100%	\$8	\$15	88%
Expenses	6	2	67%	25	27	(8%)
Operating Income (Loss)	\$(4)	\$2	150%	\$(17)	\$(12)	29%

Capital Expenditures by Segment
(Millions of Dollars)
(Unaudited)

Quarter Ended Nine Months Ended
September 30, September 30,

	2004	2005	2004	2005
Capital Expenditures by Segment				
Electric Transmission & Distribution	\$79	\$57	\$173	\$199
Natural Gas Distribution	52	77	132	173
Pipelines and Gathering	14	55	38	108
Other Operations	4	7	16	17
Total	\$149	\$196	\$359	\$497

Interest Expense Detail
(Millions of Dollars)
(Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2004	2005	2004	2005
Interest Expense Detail				
Amortization of Deferred Financing Cost	\$19	\$20	\$63	\$59
Capitalization of Interest Cost	(1)	(1)	(3)	(3)
Transition Bond Interest Expense	9	8	28	26
Other Interest Expense	165	150	495	466
Total Interest Expense	192	177	583	548
Amortization of Deferred Financing Cost				
Reclassified to Discontinued Operations	1	---	3	---
Other Interest Reclassified to Discontinued Operations	13	---	35	---
Total Interest Reclassified to Discontinued Operations (A)	14	---	38	---
Interest Expense Incurred by Discontinued Operations	---	---	---	1
Total Expense in Discontinued Operations	14	---	38	1
Total Interest Expense Incurred	\$206	\$177	\$621	\$549

(A) In accordance with Emerging Issues Task Force Issue No. 87-24 "Allocation of Interest to Discontinued Operations", in 2004, we have reclassified interest to discontinued operations of Texas Genco based on net proceeds received from the sale of Texas Genco of \$2.5 billion, and have applied the proceeds to the amount of debt assumed to be paid down in 2004 according to the terms of the respective credit facilities in effect for that period. In periods where only the term loan was assumed to be repaid, the actual interest paid was reclassified. In periods where a portion of the revolver was assumed to be repaid, the percentage of that portion of the revolver to the total outstanding balance was calculated, and that percentage was applied to the actual interest paid in those periods to compute the amount of interest reclassified.

Total interest expense was \$206 million and \$177 million for the three months ended September 30, 2004 and 2005, respectively, and \$621 million and \$549 million for the nine months ended September 30, 2004 and 2005, respectively. Interest expense of \$14 million for the three months ended September 30, 2004, and \$38 million for the nine months ended September 30, 2004, was

reclassified to discontinued operations of Texas Genco.

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Millions of Dollars)
(Unaudited)

	December 31, 2004	September 30, 2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$165	\$162
Other current assets	2,158	2,300
Current assets of discontinued operations	514	---
Total current assets	2,837	2,462
Property, Plant and Equipment, net	8,186	8,361
Other Assets:		
Goodwill, net	1,741	1,744
Regulatory assets	3,350	2,943
Other non-current assets	997	1,002
Non-current assets of discontinued operations	1,051	---
Total other assets	7,139	5,689
Total Assets	\$18,162	\$16,512
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of transition bond long-term debt	\$47	\$54
Current portion of other long-term debt	1,789	2,004
Other current liabilities	2,902	2,616
Current liabilities of discontinued operations	449	---
Total current liabilities	5,187	4,674
Other Liabilities:		
Accumulated deferred income taxes, net and investment tax credit	2,469	2,528
Regulatory liabilities	1,082	749
Other non-current liabilities	705	849
Non-current liabilities of discontinued operations	420	---
Total other liabilities	4,676	4,126
Long-term Debt:		
Transition bond	629	575
Other	6,564	5,919
Total long-term debt	7,193	6,494
Shareholders' Equity	1,106	1,218
Total Liabilities and Shareholders' Equity	\$18,162	\$16,512

Reference is made to the Notes to the Consolidated Financial Statements contained in the Annual Report on Form 10-K of CenterPoint Energy, Inc.

CenterPoint Energy, Inc. and Subsidiaries
Condensed Statements of Consolidated Cash Flows
(Millions of Dollars)
(Unaudited)

	Nine Months Ended September 30,	
	2004	2005
Cash Flows from Operating Activities:		
Net income (loss)	\$(1,005)	\$171
Discontinued operations, net of tax	154	3
Extraordinary item, net of tax	894	(30)
Income from continuing operations	43	144
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	425	470
Deferred income taxes and investment tax credit	99	156
Changes in net regulatory assets and liabilities	(253)	(166)
Changes in other assets and liabilities	21	(247)
Other, net	19	7
Net Cash Provided by Operating Activities	354	364
Net Cash Provided by (Used in) Investing Activities	(304)	204
Net Cash Used in Financing Activities	(117)	(571)
Net Decrease in Cash and Cash Equivalents	(67)	(3)
Cash and Cash Equivalents at Beginning of Period	87	165
Cash and Cash Equivalents at End of Period	\$20	\$162

SOURCE CenterPoint Energy, Inc.

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