SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): APRIL 7, 2003

CENTERPOINT ENERGY, INC.
(Exact name of registrant as specified in its charter)

TEXAS	1-31447	74-0694415
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1111 LOUISIANA HOUSTON, TEXAS	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 207-1111

ITEM 5. OTHER EVENTS.

On April 8, 2003, CenterPoint Energy, Inc. ("CenterPoint Energy") announced that on April 7, 2003, CenterPoint Energy Resources Corp. ("CERC") had priced $112 million of senior notes which will be added to and form a single series of with its prior existing 7.875% senior notes due on April 1, 2013, in a private placement with institutions pursuant to Rule 144A under the Securities Act of 1933, as amended. A copy of that press release is attached to this report as Exhibit 99.1. The offering of these senior notes closed on April 14, 2003.

For a description of the senior notes, please refer to Supplemental Indenture No. 5 dated as of March 25, 2003, and Supplemental Indenture No. 6 dated as of April 14, 2003, to the Indenture dated as of February 1, 1998, between CERC and JPMorgan Chase Bank, as trustee. Supplemental Indenture No. 5 and Supplemental Indenture No. 6 are attached to this report as Exhibits 4.1 and 4.2, respectively.

The newly issued senior notes have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This report does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

The following exhibits are filed herewith:

4.1 Supplemental Indenture No. 5 dated as of March 25, 2003, to Indenture dated as of February 1, 1998, between CenterPoint Energy Resources Corp. and JPMorgan Chase Bank, as trustee (incorporated by reference herein to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 27, 2003)

4.2 Supplemental Indenture No. 6 dated as of April 14, 2003, to Indenture dated as of February 1, 1998, between CenterPoint Energy Resources Corp. and JPMorgan Chase Bank, as trustee

99.1 Press Release issued April 8, 2003 regarding pricing of private placement of senior notes

99.2 Transcript of remarks given by Marianne Paulsen, David M. McClanahan and Gary Whitlock during conference call conducted by CenterPoint Energy on April 24, 2003

99.3 Transcript of question and answer session during conference call conducted by CenterPoint Energy on April 24, 2003

ITEM 9. REGULATION FD DISCLOSURE (PROVIDED UNDER ITEM 12).

On April 24, 2003, CenterPoint Energy held an earnings conference call to discuss its first quarter 2003 results. Transcripts of the remarks given by Marianne Paulsen, David M. McClanahan and Gary Whitlock and of the question and answer session during the conference call are attached to this report as Exhibits 99.2 and 99.3, respectively, and are incorporated by reference herein. In accordance with SEC Release No. 33-8216, this information, required to be furnished under Item 12 "Results of Operations and Financial Condition," is instead furnished under Item 9 "Regulation FD Disclosure" and is incorporated by reference herein. The information in Item 9 of this report is being furnished, not filed, pursuant to Item 12. Accordingly, the information in Item 9 of this report will not be incorporated by reference into any registration statement filed by CenterPoint Energy under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by CenterPoint Energy, that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of CenterPoint Energy or any of its affiliates.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTERPOINT ENERGY, INC.

Date: May 1, 2003

By: /s/ James S. Brian

James S. Brian
Senior Vice President and
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
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April 24,
2003

EXHIBIT 4.2

CENTERPOINT ENERGY RESOURCES CORP.

(formerly known as NorAm Energy Corp.)

To

JPMORGAN CHASE BANK

(successor to Chase Bank of Texas, National Association),

Trustee

SUPPLEMENTAL INDENTURE NO. 6

Dated as of April 14, 2003

7.875% Senior Notes due 2013

Series A and Series B

CENTERPOINT ENERGY RESOURCES CORP.

(formerly known as NorAm Energy Corp.)

SUPPLEMENTAL INDENTURE NO. 6

7.875% Senior Notes due 2013

Series A and Series B

SUPPLEMENTAL INDENTURE No. 6, dated as of April 14, 2003, between CENTERPOINT ENERGY RESOURCES CORP., a Delaware corporation formerly known as NorAm Energy Corp. (the "Company"), and JPMORGAN CHASE BANK (successor to Chase Bank of Texas, National Association), as Trustee (the "Trustee").

RECITALS

The Company has heretofore executed and delivered to the Trustee an Indenture, dated as of February 1, 1998 (the "Original Indenture" and, as previously and hereby supplemented and amended, the "Indenture"), providing for the issuance from time to time of one or more series of the Company's Securities.

The Company has changed its name from "NorAm Energy Corp." to "CenterPoint Energy Resources Corp." and all references in the Indenture to the "Company" or "NorAm Energy Corp." shall be deemed to refer to CenterPoint Energy Resources Corp.

Pursuant to the terms of the Indenture, the Company provided for the establishment of two series of Securities designated as the "7.875% Senior Notes due 2013, Series A" (the "Series A Notes") and the "7.875% Senior Notes due 2013, Series B" (the "Series B Notes" and, together with the Series A Notes, the "Notes"), the form and substance of such Notes and the terms, provisions and conditions thereof in Supplemental Indenture No. 5 dated March 25, 2003, between the Company and the Trustee ("Supplemental Indenture No. 5").

Pursuant to the terms of the Indenture, the aggregate principal amount of the Notes can be increased pursuant to a resolution of the Board of Directors of the Company.

The Company has furnished the Trustee with a resolution of Board of Directors of the Company authorizing the increase of the aggregate principal amount of the Notes by $112,000,000 and the execution of this Supplemental Indenture No. 6 to reflect such increase.

Section 301 of the Original Indenture provides that various matters with respect to any series of Securities issued under the Indenture may be established in an indenture supplemental to the Indenture.

Subparagraph (7) of Section 901 of the Original Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as permitted by Sections 201 and 301 of the Original Indenture.

For and in consideration of the premises and the issuance of the series of Securities provided for herein, it is mutually covenanted and agreed, for the equal and proportionate benefit of the Holders of the Securities of such series, as follows:

ARTICLE ONE

Relation to Indenture; Additional Definitions

Section 101. Relation to Indenture. This Supplemental Indenture No. 6 amends Supplemental Indenture No. 5 as provided in ARTICLE TWO below and constitutes an integral part of the Original Indenture.

ARTICLE TWO

Amendment of Supplemental Indenture No. 5

Section 201. Amendment of Cover Page and Title. The "$650,000,000" on the cover page and in the fourth line of the title of Supplemental Indenture No. 5 are each hereby replaced with "$762,000,000".

Section 202. Amendment of Section 102. The following definitions in Section 102 of Supplemental Indenture No. 5 are hereby amended and restated to read as follows:

"'Initial Purchasers' means (i) Salomon Smith Barney Inc., Banc One Capital Markets, Inc. and Wachovia Securities, Inc., as initial purchasers in the offering of the Series A Notes pursuant to the Offering Memorandum dated March 18, 2003 relating thereto and (ii) Citigroup Global Markets Inc. and Credit Suisse First Boston LLC, as initial purchasers in the offering of the Series A Notes pursuant to the Offering Memorandum dated April 7, 2003 relating thereto;"

"'Registration Rights Agreement' means (i) that certain Registration Rights Agreement, dated as of March 25, 2003, by and among the Company and the Initial Purchasers signatories thereto and (ii) that certain Registration Rights Agreement, dated as of April 14, 2003, by and among the Company and the Initial Purchasers signatories thereto;"

Section 203. Amendment of Section 202. Section 202 of Supplemental Indenture No. 5 is hereby amended and restated to read as follows:

"The Trustee shall authenticate and deliver (i) Series A Notes for original issue on the Issue Date in the aggregate principal amount of $650,000,000, (ii) Series A Notes for original issue on April 14, 2003 in the aggregate principal amount of $112,000,000 and (iii) Series B Notes from time to time thereafter for issue only in exchange for a like principal amount of Series A Notes, in each case upon a Company Order for the authentication and delivery thereof and satisfaction of Sections 301 and 303 of the Original Indenture. Such order shall specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated and the name or names of the initial Holder or Holders. The aggregate principal amount of Notes that may be outstanding at any time shall not exceed $762,000,000; provided, however, that the authorized aggregate principal amount of the Notes may be increased above such amount by a Board Resolution to such effect."

Section 204. Amendment of Section 207. Section 207 of Supplemental Indenture No. 5 is hereby amended and restated to read as follows:

"The Notes issued on March 25, 2003 shall be initially issued at 100% of their principal amount, and the Notes issued on April 14, 2003 shall be initially issued at 105.826% of their principal amount (before discount to the Initial Purchasers); plus, in each case, accrued interest, if any, from March 25, 2003."

Section 205. Amendment of Section 211(b). Section 211(b) of Supplemental Indenture No. 5 is hereby amended and restated to read as follows:

"Solely with respect to the Notes issued hereby, the first sentence of Section 1403 of the Original Indenture is hereby deleted in its entirety, and the following is substituted in lieu thereof:

> 'Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Company shall be released from its obligations under Article Eight and under any covenants provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such Securities and (2) the occurrence of any event specified in Sections 501(4) (with respect to Article Eight and to any such covenants provided pursuant to Section 301(20), 901(2) or 901(7)) and 501(7) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called "Covenant Defeasance").'"

Section 206. Amendment of Exhibit A. The form of Note attached to Supplemental Indenture No. 5 as Exhibit A is hereby amended as follows:

(a) The final sentence of the first paragraph on the back of the Note is hereby amended and restated to read, with respect to any Note or replacement Note authenticated on or after April 14, 2003, as follows:

"This Security is one of the series designated on the face hereof, limited in aggregate principal amount to $762,000,000; provided, however, that the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect."

(b) The final sentence of the penultimate paragraph on the back of the Note is hereby amended and restated to read as follows:

"In addition to the rights provided to Holders of this Security under the Indenture, Holders shall have all the rights set forth in that certain Registration Rights Agreement, dated as of __________, 20__, among the Company and the Initial Purchasers signatories thereto, including without limitation the right to receive Additional Interest as described in Section 2.5 thereof."

ARTICLE THREE

Miscellaneous Provisions

Section 301. The Indenture, as supplemented and amended by this Supplemental Indenture No. 6, is in all respects hereby adopted, ratified and confirmed.

Section 302. This Supplemental Indenture No. 6 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 303. THIS SUPPLEMENTAL INDENTURE NO. 6 AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Section 304. If any provision in this Supplemental Indenture No. 6 limits, qualifies or conflicts with another provision hereof which is required to be included herein by any provisions of the Trust Indenture Act, such required provision shall control.

Section 305. In case any provision in this Supplemental Indenture No. 6 or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 6 to be duly executed, as of the day and year first written above.

CENTERPOINT ENERGY RESOURCES CORP.

By: /s/ Marc Kilbride

Name: Marc Kilbride
Title: Vice President and Treasurer

Attest:

/s/ Richard B. Dauphin
- ------------------------------------
Name: Richard B. Dauphin
Title: Assistant Corporate Secretary

(SEAL)

JPMORGAN CHASE BANK, as Trustee

By: /s/ Carol Logan

Name: Carol Logan
Title: Vice President and Trust Officer

(SEAL)

EXHIBIT 99.1

(CENTERPOINT ENERGY LOGO)

For more information contact
MEDIA:
LETICIA LOWE
Phone 713.207.7702
INVESTORS:
MARIANNE PAULSEN
Phone 713.207.6500

FOR IMMEDIATE RELEASE

CENTERPOINT ENERGY SUBSIDIARY PRICES ADDITIONAL $112 MILLION OF SENIOR NOTES

HOUSTON - APRIL 8, 2003 - CenterPoint Energy, Inc. (NYSE:CNP) announced that on April 7, 2003 its natural gas distribution, pipelines and gathering operations subsidiary, CenterPoint Energy Resources Corp. (CERC), priced $112 million of senior notes which will be added to and form a single series with its prior existing 7.875 percent senior notes due on April 1, 2013, in a placement with institutions under Rule 144A. This transaction is expected to close on April 14, 2003.

Net proceeds of the offering will be used to refinance $100 million aggregate principal amount of CERC's 6 3/8 percent Term Enhanced ReMarketable Securities and finance costs associated with the refinancing.

The securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration under that Act.

This news release does not constitute an offer to sell, or the solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

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EXHIBIT 99.2

JOINT REMARKS CENTERPOINT ENERGY
1ST QUARTER, 2003 EARNINGS CONFERENCE CALL
APRIL 24, 2003

MARIANNE PAULSEN, DIRECTOR OF INVESTOR RELATIONS FOR BOTH TEXASGENCO AND CENTERPOINT ENERGY.

OK, thank you very much, Thea. This is Marianne Paulsen, Director of Investor Relations for CenterPoint Energy. I would like to first welcome you to our first quarter 2003 earnings conference call, and thank you for joining us this morning.

As you may know, Texas Genco also released earnings today and had a conference call just prior to this one. If you would like to listen to a replay of the Texas Genco conference call, you can go to the investor relations section of their web site, www.txgenco.com. On our call this morning, although we will comment on Texas Genco's results which are reported in CenterPoint Energy's electric generation segment, our primary focus will be on the other segments of the company.

On our call this morning, David McClanahan, president and CEO of CenterPoint Energy, and Gary Whitlock, executive vice president and CFO will lead the discussion. In addition, we have other members of management here who may assist in answering questions on CenterPoint Energy following the prepared remarks.

In discussing our results during this call, we will refer to Earnings Before Interest and Taxes, or EBIT, which is a non-GAAP financial measure. We have provided a reconciliation of EBIT to the most comparable GAAP financial measure in the financial statements included in our earnings press release that we issued this morning. This press release is posted to the centerpointenergy.com web site. I also need to remind you that any projections or forward-looking statements made during this call are subject to the cautionary statements on forward looking information in the company's SEC filings.

Before Mr. McClanahan begins, I would like to mention that a replay of this call will be available until 6:00 p.m. Central Time through Thursday, May 1, 2003. To access the replay, please call 1-800-642-1687 and enter the conference ID number 9662071. You can also listen to an online replay of the call via our web site at www.centerpointenergy.com under the investors section.

And with that, I would now like to turn it over to David McClanahan.

DAVID M. MCCLANAHAN, PRESIDENT AND CEO OF CENTERPOINT ENERGY

Thank you, Marianne. Good morning Ladies and Gentlemen. Thank you all for joining us this morning for our 1st quarter earnings call for CenterPoint Energy and thank you for your interest in the company. As Marianne mentioned, this morning we held a

This news release includes forward-looking statements. Actual events and results may differ materially from those projected. Factors that could affect actual results include the timing and impact of future regulatory and legislative decisions, effects of competition, weather variations, changes in CenterPoint Energy's or Texas Genco's business plans, financial market conditions, the timing and extent of changes in commodity prices, particularly natural gas and other factors discussed in CenterPoint Energy's and Texas Genco's filings with the Securities and Exchange Commission. Information contained in these remarks speaks as of April 24, 2003. The company has not undertaken to update or otherwise revise these remarks subsequent to this date.

conference call for Texas Genco, and discussed their business during that call. So during this conference call, we will not go into great detail regarding Texas Genco.

In a few minutes, Gary will discuss the performance of each of our business segments and will talk about the various financings that we have completed in the first quarter. But first, I would like to give the financial highlights for the quarter, and discuss some key activities that we accomplished since the beginning of the year.

As we reported this morning, on a consolidated basis, CenterPoint Energy had income from continuing operations before the cumulative effect of an accounting change of $81 million, or $0.27 per share. This compared to $145 million, or $0.49 per share for the first quarter of 2002. I am encouraged that we reported solid operational performance and increased operating income today; however the improvement from our businesses was not able to offset the substantial increase in our borrowing costs.

In the quarter, we also recorded an after-tax non-cash gain of $80 million, or $0.27 per share from the implementation of SFAS No. 143, "Accounting for Asset Retirement Obligations". This gain resulted primarily from the elimination of plant removal costs which had been previously reflected in our accumulated depreciation accounts and revised estimates for mine reclamation costs. All of this gain related to Texas Genco. After taking this gain into consideration, on a reported basis, net income was $168.4 million, or $0.56 per share.

Before Gary reviews the results of each of the business segments for the quarter, let me highlight some key achievements since the beginning of the year:

- We amended our $3.85 billion bank credit facility in February, extending the term to mid-2005 and eliminating $1.2 billion in mandatory payments that we were facing this year. We accomplished several important objectives. First, the termination date of the facility was extended beyond the time we expect to monetize Texas Genco and to recover our stranded investment. Second, we eliminated the mandatory payments which were due to occur in the first half of this year and were putting undue pressure on the company. This significant achievement allowed us to overcome the immediate liquidity concerns and opened up access to the capital markets on much more reasonable terms. In that regard,

    - We successfully accessed the capital markets and issued securities totaling over $1.5 billion at CenterPoint Energy Houston Electric and CERC, which is our gas LDC and pipeline subsidiary.

  - We established a $200 million revolving credit facility at CERC, proving that subsidiary with liquidity and substantially eliminating its reliance on the parent for working capital needs.

  - In early April, we remarketed $175 million in pollution control bonds at CenterPoint Energy. These were bonds we had purchased in November and December of last year when they were due to mature and had intended to remarket them once we gained better access to the market.

  - Finally, we permanently reduced the $3.85 billion parent facility by $50 million. While small, this eliminated 12 1/2% of the warrants due to vest at the end of May. These warrants were to be issued in connection with our amended bank agreement. Gary will discuss this more a little later in the call.

- In addition, early in the quarter we distributed 19% of Texas Genco common stock to CenterPoint Energy shareholders. This partial public float of Texas Genco shares will be used in calculating the fair market value of our generation assets in our stranded cost recovery proceeding next year before the Texas Public Utility Commission.

- We also sold our remaining 2 investments in Latin America: a cogeneration facility and a small distribution company in Argentina.

- Finally, we paid a quarterly dividend of $0.10 per share to CenterPoint Energy shareholders in March. In arriving at this dividend level, our Board considered our near term liquidity needs as well as our earnings, cash flow and the ultimate sustainability of our dividend level.

2003 GUIDANCE

This morning, we reiterated our 2003 earnings per share guidance of between $.85 and $1.00 for CenterPoint Energy. This guidance reflects our outlook for continued solid operational performance from our business units as well as the higher borrowing costs that we face.

This morning, Texas Genco also reconfirmed its previous guidance for 2003 earnings per share of between $1.10 and $1.30.

HIGHLIGHTS OF STRATEGIC DIRECTION

Let me end by highlighting the status of several important components of our overall strategy:

- We remain on track to deleverage our company through proceeds from the sale of Texas Genco and the recovery of stranded investment. The Texas law that enacted electric deregulation in Texas and provides for full recovery of stranded investment remains in tact. The Texas legislature meets every other year and is currently in session. There have been no bills introduced to date that would change any of the provisions that would provide for our recovery of stranded investment. This legislative session ends in early June.

- We have now gained financial stability and turned our full attention to improving our businesses and earning our regulated rates of return. We'll use the next eighteen months or so to reexamine our key processes and business models and make improvements. We'll also continue to seek rate relief where warranted. I'm convinced we'll be a stronger company and one ready to grow when we are finished with these efforts.

- Finally, let me re-emphasize our focus remains on our core electric, gas and pipeline businesses. We have a good, balanced mix of businesses and one with a solid base from which to expand. We are committed to keeping our focus on regulated businesses and businesses complementary to our regulated businesses.

We look forward to strengthening our balance sheet, improving the performance of our business and expanding where we can add to shareholder value.

Let me now turn the call over to Gary who will discuss our operating results and financings in more detail.

GARY WHITLOCK, EXECUTIVE VICE PRESIDENT AND CFO OF TEXAS GENCO AND CENTERPOINT ENERGY

Thank you, David. First let me say that we are very pleased with the progress being made by our businesses. Each business continues to implement their respective strategies in support of our vision of being America's leading energy delivery company. Our goal is to increase shareholder value through the achievement of operational excellence, and improved productivity across our businesses all the while continuing our strong tradition of safe and reliable service to our customers.

Now let me review the operating results of our business segments. Let me remind you that we report four core segments:

- The Electric Transmission and Distribution segment,

- The Electric Generation segment, which is comprised of the operations of Texas Genco.

- The Natural Gas Distribution segment, and

- The Pipelines and Gathering segment

JOINT REMARKS CENTERPOINT ENERGY
1ST QUARTER, 2003 EARNINGS CONFERENCE CALL
APRIL 24, 2003

Since the restructuring of the electric market which began in January of 2002, this quarter is the first time that we can make meaningful quarterly comparisons for all four segments.

ELECTRIC TRANSMISSION AND DISTRIBUTION SEGMENT

Let me begin with the electric transmission and distribution segment.

The unbundled transmission and distribution business, which remains regulated, is reported in our electric transmission and distribution segment. Also included in this segment are all the impacts from generation-related regulatory assets recoverable by the regulated utility, including the ECOM true-up. ECOM stands for Excess Cost Over Market and refers to the stranded cost model developed by the Texas Public Utility Commission in connection with industry restructuring. As you know, stranded investment will not be determined until 2004. Therefore, for 2002 and 2003, the Texas electric restructuring law provides that a regulated utility may recover the difference between the market price of power sold at auction and the price of power in the PUC's ECOM model, as part of the regulated utility's 2004 stranded cost proceeding. This amount is non-cash and is recorded as a regulatory asset. In addition, the 2002 results included EBIT from non-recurring transition revenues.

First, let me discuss the results for the ongoing electric business - the unbundled transmission and distribution utility, which excludes ECOM and non-recurring transition revenues. The transmission and distribution utility reported EBIT of $82 million in the first quarter of 2003 compared to $104 million for the same period of 2002.

Just to remind you, beginning with the opening of the retail market to competition in January 2002, the regulated utility has recovered its cost of service through an energy delivery rate. I would add that, under the Texas Electric Restructuring Law, our regulated transmission and distribution utility cannot buy and resell electricity, and thus is not subject to any post-restructuring commodity risk.

The T&D utility was impacted by three primary factors during the first quarter: strong customer growth, higher pension and insurance expenses and reduced industrial revenue. We added over 50,000 metered customers since last March, which is a 3% growth rate. However, the increased revenue from growth in customers was offset by a decline in revenue from industrial and commercial customers due to reduced billing demand.

Operating expenses for the TDU, excluding non-recurring expenses associated with the transition, increased by $9 million reflecting an increase in benefit expenses, primarily related to pension, and higher insurance costs.

In addition, our continued focus on process improvements reduced the TDU's capital expenditures for the quarter by approximately $20 million versus the same quarter last year while improving the reliability of our system.

The next component of this segment is EBIT from the ECOM true-up. We recorded $132 million this quarter, which is a reduction of $9 million from last year's first quarter of $141 million. The decrease in ECOM was expected since the prices that Texas Genco received in their capacity auctions were higher this year.

And finally, included in last year's first quarter was non-recurring EBIT of $14 million related to the transition to the deregulated electric market.

ELECTRIC GENERATION

Our power generation operation in Texas is called Texas Genco and is reported in our Electric Generation segment. Just as a reminder, in 2003, Texas Genco will remain a fully consolidated entity of CenterPoint Energy and be reported in the Electric Generation segment, albeit with a minority interest of 19%, which is reflected in our financial results. As you know, we expect Texas Genco to remain with CenterPoint Energy until 2004. At that time, Reliant Resources has an option to purchase the stock that we hold. If Reliant Resources does not exercise that option, we still intend to monetize these assets, as they are not part of our strategic direction, which is to focus on the regulated energy delivery business.

This segment reported a loss before interest and taxes of $17 million in the quarter compared to a loss of $52 million last year. While prices were higher and revenues improved, Texas Genco still experienced a net loss in the quarter for two primary reasons. First, Unit 2 of the South Texas Project experienced an extended outage beginning in December, 2002 due to a mechanical failure, causing Texas Genco to operate higher energy cost units to meet its financial obligations. As you know, Texas Genco owns a 30.8 percent interest in the South Texas Project, which is a nuclear generating plant consisting of two 1,250 MW units. The unexpected negative margin impact of $23 million attributable to this unplanned outage was the primary driver contributing to the loss in the first quarter. The unit was restored to full power on March 14.

Second, the first quarter is typically not a strong quarter due to seasonal effects, such as lower sales volumes and planned maintenance at our generating units.

Non-fuel operating expenses in the first quarter increased by $10 million. A major contributor to this increase was the STP Unit 2 turbine repairs related to the outage. Our capital expenditures declined significantly for the quarter to $40 million compared to $94 million in 2002, as we are in the final stages of our NOx reduction environmental capital program.

And now let me share with you what David Tees, president and CEO of Texas Genco, discussed this morning regarding the recent outage of Unit 1 at the South Texas Project.

During a routine refueling and maintenance outage in early April, engineers found a small quantity of residue from reactor cooling water at one location in the Unit 1 reactor containment building. No other residue was found in Unit 1, or in the plant's twin Unit 2 reactor when it was inspected during a refueling outage in the fall of 2002.

Upon discovery of the residue, STP officials immediately reported their findings to the Nuclear Regulatory Commission. STP's managers and engineers are conferring with industry experts to develop a corrective action plan. The Nuclear Regulatory Commission must approve any corrective action plan before it is implemented.

The unit will remain shut down until any necessary corrective action is completed. While the unit remains out of service, Texas Genco will meet its existing power sales obligations from other generating units and/or from purchases from third parties. Until inspections are completed and an acceptable corrective action has been developed, we are unable to predict the economic impact of this outage and when the unit will be returned to service. A protracted outage at Unit 1 would adversely affect the Company's operating results if the cost of replacement power is materially greater than the cost of power produced by STP.

Having said this, in order to mitigate the financial impact of forced outages on our generating units, we maintain 750 MW of baseload generation and 500 MW of gas generation as an operating reserve. This baseload generation operates at an energy cost of $16 to $17/MWH, while nuclear generation operates at about $4 to $5/MWH and gas generation is presently at $55/MWH. We have developed a preliminary schedule for the inspection, repair and return of this unit based on various scenarios, even though there are a myriad of unknowns because this is more prudent than waiting until our inspections have been completed. We anticipate that this unit will return to service in late summer based on this very preliminary scheduling.

Natural Gas Distribution

Now I'd like to turn to our Natural Gas Distribution segment, which reported an improvement in earnings in the quarter of $24 million. Earnings before interest and taxes for the first quarter of this year was $134 million compared to $110 million last year.

A key focus for 2002 was to attain rate relief in our gas LDC's, especially in Arkla. The implementation of rate increases produced revenue gains in the first quarter of $11 million. We continue to increase the number of natural gas delivery customers. Also, revenue improved as a result of colder weather, particularly in Minnesota, contributing $7 million to EBIT. In addition, we experienced improved margins from our unregulated commercial and industrial sales business.

These positive revenue drivers were partially reduced by higher employee benefit costs and bad debt expense. Additionally, the costs associated with a receivables facility, which was modified in November 2002, reduced EBIT by $4 million. Prior to the amendment, these costs were recorded as interest expense.

We believe our rate relief actions and productivity initiatives reflect our strong commitment to improving the financial performance of Arkla, as well as our other gas distribution businesses, and we are starting to see very positive results.

Pipelines & Gathering

Turning to our pipeline and gathering businesses, we reported EBIT of $45 million for the quarter compared to $38 million last year. This is a business that continues to produce consistent earnings and stable cash flows. We expect this trend to continue.

Consolidated EBIT

In total, our business segments produced EBIT of $357 million in the first quarter of this year compared to $344 million for the same period of last year. We will remain focused on the continuous improvement of each of our operations and their financial performance, both by increasing revenues and enhancing our operational productivity this year and beyond. Once we recover our stranded costs and monetize Texas Genco, our financial flexibility will improve and our regulated businesses will continue to produce strong and consistent earnings and free cash flow for the benefit of our stockholders.

FINANCING ACTIVITIES

Now, let me give you an update on our financing activities since the beginning of this year. When we spoke to you in early February, we were in discussions with our bank group to modify the payment schedule and other terms of our $3.85 billion bank credit facility. On February 28, we announced that we had amended the facility. We eliminated the $1.2 billion in mandatory payments, which was a major constraint to our ability to access the capital markets. We also extended the term of the facility to June of 2005, which is beyond the period in which we expect to monetize Texas Genco and securitize our stranded costs.

In the amendment, we agreed to provide the bank syndicate warrants as an incentive for the company to access the capital markets in order to reduce the size of the facility. These warrants are subject to a proportionate vesting schedule.

Once we amended the credit facility, we have been able to access the capital markets in size and at reasonable rates:

On March 13, we issued $762 million of general mortgage bonds at CenterPoint Energy Houston.

On March 19, we issued $650 million of senior notes at CenterPoint Energy Resources, Inc.

On March 25, we established a 1-year $200 million revolving credit facility at CERC to provide that subsidiary with additional liquidity for working capital needs.

On April 2, we remarketed two pollution control bonds at CenterPoint Energy, Inc. totaling $175 million.

On April 7, we increased the CERC senior notes issuance to a total of $762 by adding $112 million of additional notes.

In total, over the course of a month and a half, we have sold $1.7 billion of debt securities and put in place a new $200 million credit facility, all of which addressed maturing debt, refinanced higher cost debt and/or significantly enhanced our liquidity.

With the proceeds of the debt issuances, we:

o Called $312 million in higher coupon first mortgage bonds

o Repaid a $350 million revolver which expired at the end of March

o Repaid a $150 million medium term note which matured on April 21

- Refinanced $360 million of a $500 million November 2003 maturity at CERC
- Reduced the $3.85 billion bank credit facility by $50 million, which eliminated 12.5% of the first traunche of warrants

So what's next. Now that we have completed all of these financings, we have gained valuable financial stability At CenterPoint Energy. It allows us to consider additional financing alternatives. We continue to evaluate all options to raise capital to eliminate the vesting of warrants and to remove a potential dividend restriction that might otherwise apply beginning in 2004. However, the financing options we choose will be those that are in the best interest of our shareholders.

In summary, our businesses performed well, we achieved financial stability and we positioned ourselves to execute our strategic plan.

And with that, I would like to thank you for your interest in CenterPoint Energy, and now I'll turn the call back over to Marianne.

OK thank you, Gary. And Thea, I think we are ready for the Q&A session right now. So, why don't you prompt the callers on the Qs, questions.

Could you please give the instructions on how to ask a question?

EXHIBIT 99.3

CENTERPOINT ENERGY, INC.

LEADER, MARIANNE PAULSEN

ID# 9662071

04/24/03

1ST QUARTER 2003 EARNINGS

CONFERENCE CALL Q&A

Marianne Paulsen: Okay thank you, Gary. And Thea, I think we're ready for the Q&A session right now so why don't you prompt the callers on questions?

Operator: Thank you. At this time I would like to remind everyone that if you would like to ask a question you may press star, then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from David Frank with Zimmer Lucas Partners.

David Frank: Yeah, hi. Good morning. Congratulations on a great quarter.

David McClanahan: Thank you, David.

David Frank: David, I'm sure a lot of the questions I have are going to be asked by other people this morning but could you just remind us what the rate base is at Houston Light and Power? That is, what is the transmission and distribution rate base?

David McClanahan: It's about $3.3 billion at our last rate case.

David Frank: Three point three billion? And what is your authorized capital structure?

David McClanahan: It's 40% equity, 60% debt.

David Frank: Okay, great. And my second question is do you plan on eliminating any of the dividend restrictions for next year as per the amended credit facility?

David McClanahan: Well you know we have two restrictions. One is we have an overall limit of $0.40 per share per year. But there is a potential additional restriction of 50% of trailing 12 months earnings if we do not pay down the banks by $400 million of which half of it would come from equity or equity-linked securities.

We are looking at this very hard. Obviously our desire is to eliminate that restriction. We have until the end of the year to do that and we hope to accomplish that but we really are looking at what's in the long-term best interests for our shareholders and we'll make the decision based on that.

David Frank: Thanks a lot. Congratulations again.

David McClanahan: Thanks.

Operator: Your next question is from Paul Patterson, Glen Rock Associates.

Paul Patterson: Hi, how are you?

David McClanahan: Good, Paul.

Paul Patterson: I was wondering if you could just give us an idea about how much is invested in the South Texas nuclear project in Unit 1 in particular?

David McClanahan: Yes we can. I think we had - Paul, you may have asked that on the Texas Genco call and we failed to answer that. And it is a little bit of a complex story but there's probably a little less than $200 million in Unit 1.

Paul Patterson: Okay so you only have $200 million invested in Unit 1?

Gary Whitlock: The remaining net book value.

Paul Patterson: Okay, that's great. And then in terms of the $400 million of equity or equity-linked securities, when do you think we'll get a clear picture on that?

David McClanahan: Okay. It's not really $400 million; it's $200 million to eliminate any additional dividend restriction. You know, we're looking at that. We have until the end of the year but we're obviously looking at the marketplace today and what type of securities might be attractive.

Paul Patterson: Okay, great. Thanks a lot.

Operator: Your next question comes from Michael Goldenberg, Luminus.

Michael Goldenberg: Hey good morning, guys. Congratulations on a good quarter.

David McClanahan: Thank you.

Michael Goldenberg: Hey, just a quick question on that whole dividend restriction thing. This accounting benefit that you guys took, will that go towards the GAAP EPS?

David McClanahan: Hang on just a minute. I think it will. That's the nod I'm getting.

Gary Whitlock: You know I think we're going to have to check the specifics of that. I think so but let us come back to you on that.

Michael Goldenberg: Okay. And along the same lines, if you can answer a similar question for if you guys monetized Texas Genco would you have to move that into discontinued ops or would you be able to use Texas Genco's GAAP earnings against the dividend restriction?

David McClanahan: Michael, that's a good question. It's one that we continue to look at. Until we actually have a determination that the option has been exercised I think it would continue to be in continuing operations. But if in fact the option is exercised I think it would have to be moved to discontinued ops.

Michael Goldenberg: Okay. And just two general questions. One is, as I look at your ECOM true up it seems to have pretty much been the same in Q1, '03, as it is in Q1, '02. If I understand correctly how it works, it seems that that number is the difference between what you expected to sell capacity for and what you actually sold Texas Genco capacity for? Given your capacity payments have increased considerably in the first quarter over previous year yet your ECOM true up stayed the same.

Could you explain why even though you've received much better capacity payments you were still able to collect a high ECOM true up?

David McClanahan: Yes. Good question. First, the way the ECOM true up works is you take the megawatt hour sales, megawatt hours that you generated, times the PUC auction prices less the amount of fuel cost used to generate those megawatt hours and you compare that to the similar numbers that were used in the PUC ECOM model that was developed as you know, several years ago.

In this particular case I think the difference is that the fuel cost increased as well as the revenues increasing and the net impact was that ECOM was only reduced by a little less than $10 million.

Michael Goldenberg: Would something have to do with the fact that you just produced 3 million less megawatt hours.

David McClanahan: Certainly megawatt hours and how much you generate has an effect on that calculation, yes.

Michael Goldenberg: Okay. And one final question. I've heard you guys may request some transitional increase charge once the ECOM true up runs out at the end of December. Correct me if I'm wrong if that's not the case but if it is, could you please update us on where you are with the PUC on that?

David McClanahan: The way we interpret and read the legislation that enacted deregulation in Texas, is once you get a determination of stranded investment then you can start to recover that stranded investment amount. Now as you know, we intend to seek a securitization order and sell securitized bonds but during the interim, between the time that the PUC actually finds we have stranded investment and we get that financing order to sell bonds, we will seek to have a transition charge and charge that on our delivery rate.

Michael Goldenberg: Okay and so you will collect the transition charge first and then once you securitize, then you'll actually start matching up the revenues and expenses. But until then you'll actually get an intermediate benefit.

David McClanahan: That is our plan. That is what we plan to seek.

Michael Goldenberg: And when do you expect you may get that motion underway?

David McClanahan: Well I think it is going to be part of the stranded recovery proceeding that we file next year and that is litigated at the Public Utility Commission next year. So I don't think we're going to get an early answer. I think it'll come out about the time that our stranded investment amount is determined which as you know, the PUC has 150 days from January 12th which is the date we expect to file, to rule on our case.

Michael Goldenberg: Okay so sometime in Q1 or Q2 of '04.

David McClanahan: Correct.

Michael Goldenberg: Thank you very much, gentlemen. Congratulations.

Operator: Our next question comes from Jonathan Rojewski of Goldman Sachs.

Jonathan Rojewski: Hi everyone again.

Gary Whitlock: Good morning.

Jonathan Rojewski: Following up on that line of questioning, if we assume that you get the final order from the Commission let's say mid-year next year, and you get your securitization let's say for simplicity's sake, at the beginning of 2005 - that means you get six months of that CTC charge?

Should we be thinking about the magnitude of that recovery as let's say, you know if you get $4 billion in total cost recovery, $2 billion let's say $1-1/2 billion you get through the sale of the 81% - so then when you talk about another $2-1/2 billion that's recoverable for one half of the year. Is that how we should think about that on a financial basis?

David McClanahan: Well I think whatever the stranded investment amount is I would expect we would only be recovering our carrying cost on that and not any type of amortization. The principle would be through securitization but I think the carry on that amount is what we would seek to keep us whole.

Jonathan Rojewski: Okay, great. And it's not clear to me whether or not that is prescripted or whether you need to actually get the Commission's authorization in order to have that interim recovery.

David McClanahan: I think the Commission has to authorize it. Clearly it's a rate change and the Commission is going to have to act on our request. But we will seek to have that.

Jonathan Rojewski: Okay, fine. And then as I'm looking at the electric generation as well as the ECOM piece and the T&D financials here, if you're doing comparative purposes '02 versus '03 are you guys doing this on a 100% both years or have you adjusted for your 81% ownership in the '03 quarter?

David McClanahan: The minority interest is taken out and is reflected in our financials but above the line it's 100%.

Jonathan Rojewski: Okay. And then I guess lastly, remind me because I think another company in the sector is dealing with trying to get some sort of waiver to pay their dividend given that they have a negative retained earnings balance and that seems to be your situation. Do you guys have a waiver or how are you guys being allowed to continue to pay the dividend in that situation?

David McClanahan: When we received our order out of the Commission in connection with the restructuring they approved a payment of our dividends out of surplus as opposed to retained earnings so I think we already have that approval.

Jonathan Rojewski: Okay. So you got that from the Commission; you didn't need to get anything from the SEC.

David McClanahan: No, from the SEC. I'm sorry. I was speaking about the SEC.

Jonathan Rojewski: Right, okay, so the SEC. And how long does that last or what's the duration of that ruling?

David McClanahan: We will renew, these financing orders I think basically run through June of this year so we'll renew that order later on this year.

Jonathan Rojewski: Okay. And what would the term of that likely be upon renewal? On a year at a time, six months at a time?

David McClanahan: I think we would seek to have it run through early 2006 is what our plan is.

Jonathan Rojewski: Okay so that's about three years. Okay thanks, David.

David McClanahan: Okay.

Operator: Your next question is from Maura Shaughnessy with Massachusetts Financial Services.

Maura Shaughnessy: Good morning. A few questions. First can you just outline the cap spending and DD&A in '03 and '04?

David McClanahan: I'm going to ask Gary to do that.

Gary Whitlock: 2003?

Maura Shaughnessy: And 2004 please.

Gary Whitlock: 2003 cap spending including Texas Genco is about $680 million; '04 - just a moment. You know obviously in '04 Texas Genco will only be with us for part of the year so cap spending about $580 million. And Maura, if you look at these businesses on a go-forward basis our run rate for cap spending should be probably in the $525 million to $550 million level.

Maura Shaughnessy: Any thoughts on DD&A, next two years?

Gary Whitlock: Just a moment. 2003, about $617 million. Just a second on 2004 - about $580 million or so.

Maura Shaughnessy: Thanks. And just in terms of at least on the release that I'm looking at I don't see a balance sheet. Can you give me a sense as to where the net debt position ended up the end of the quarter?

Gary Whitlock: Total debt a little more than $11 billion. That includes securitization debt.

Maura Shaughnessy: And the cash at the end of the quarter?

Gary Whitlock: In terms of liquidity at the end of the quarter if you look on - and let me answer it now - if you were look at today at our liquidity position, it's very close to $1 billion, a little bit less than $1 billion. If you look on a normalized basis because we do have some cyclicality in payments, we have approximately $600 million of liquidity.

Maura Shaughnessy: Okay. Just trying to understand and sorry for my ignorance on this question but let's assume given the run up in TGN stock that Reliant does not exercise its option next January. In the way that the Texas Commission will determine the stranded cost situation, it can just use the 19% of TGN that's out trading right now. You don't need to sell the 100% to make the determination. Is that correct?

David McClanahan: Right. Under the Texas deregulation law there's a number of methodologies. The company sought and received approval from the PUC to use the partial stock valuation methodology which basically they use the 19% valuation, gross it up to be equivalent to 100% and then they can add up to a 10% premium to that in terms of valuing the underlying assets of Texas Genco. And we do not have to actually sell the stock to Reliant Resources in order to use that methodology.

Maura Shaughnessy: And again assuming Reliant does not exercise its option, how quickly do you think you would sell the remaining parts of TGN or I guess just what is the overall strategy if Reliant does not exercise its option?

David McClanahan: Well we would seek to find buyers of the stock initially just like we are now. We think that - you know this is a very attractive portfolio. We think there would be other people interesting in selling it. If we found that that wasn't the case after we did a fair amount of work on it then we could always go back and sell it a unit at a time. But our first choice would be to sell our 81% ownership interest, the stock interest we have in Texas Genco.

Maura Shaughnessy: Okay. Thanks very much for your time.

Gary Whitlock: Okay.

Operator: Your next question is from Jay Madia with Forest.

Jay Madia: Hi, congrats on the quarter. I just wanted to ask about the May 28th deadline. Is that something that you're considering possibly raising capital, paying down that $400 million to avoid?

David McClanahan: Certainly Jay, that is one of our options and we're looking at that very closely. We've already paid down $50 million and I know it's small so we only have $350 million left to deal with.

Jay Madia: Okay. But that might not be as important to you as the second one, the one that's by year-end because the one at year-end also has the dividend restriction attached to it. Would that be fair to say?

David McClanahan: My view is they're both important. Certainly the second one has an additional element of importance because of the dividend restriction but I think the first one is just as important and we're focused on it as we speak.

Gary Whitlock: Jay, I think also on the dividend restriction just to be clear, the potential restriction that would come into play would be 50%, a dividend no greater than 50% of net income. In our amended bank facilities the dividend is limited to no greater than $0.40. Therefore from a practical perspective a dividend restriction that would come into play only has applicability to the extent your earnings would be less than $0.80 on a trailing 12-month basis.

Jay Madia: So that restriction might not carry any weight anyway.

Gary Whitlock: That's correct.

Jay Madia: Okay. And as far as the Texas Genco - I'm sorry, as far as the true up and stranded cost recovery situation, is there anybody out there that disagrees with your assessment of the Texas law or the implementation of that law?

David McClanahan: Jay, not to my knowledge. Obviously as a result of a lot of financings we've had lots of different people - banks, investment banks, various lawyers - look at the law and I have not heard anybody take an issue with our interpretation.

Jay Madia: Okay thanks. And then final question is at which point would you be able to raise the dividend over the $0.10 per quarter? Would that be in 2005 when this current facility gets refinanced or expired?

David McClanahan: Once we get this facility paid down I'm sure we could get relief but yes, from a theoretical standpoint it's June of '05 but I would expect this would be redone before then. As soon as we get our stranded investment back and we pay down these banks we'll kind of redo all our bank agreements.

Jay Madia: Oh I see. And thanks and congratulations again.

David McClanahan: Thank you, Jay.

Operator: Your next question is from Chris Melendes, UBS Principle Finance.

Chris Melendes: Good morning.

David McClanahan: Good morning.

Chris Melendes: Is it unreasonable to assume that the lost margin associated with the Unit 2 outage at STP would be similar for a similar period of time for a Unit 1 outage?

David McClanahan: I would suggest that it's kind of the best thing that's out there right now. However, you know energy prices move around and in the first quarter we had some high gas prices especially in February. They've come down some but they're still pretty high. I think it's not a bad way to look at it but certainly it depends on energy prices over the next three months.

Chris Melendes: Okay, thanks for that.

Operator: Your next question is from Jay Dobson, Deutsche Bank.

Jay Dobson: David, two conceptual or hypothetical questions for you. On STP I know it's early yet but any capital you spend to repair the plant I assume you have no avenue for recovery of that CAPEX. It wouldn't get tossed into the stranded cost or sort of regulatory issues you will deal with in January of '04?

David McClanahan: No, it will not be part of our stranded investment true up, no.

Jay Dobson: Okay, fair enough. And then onto the ECOM issue versus the transition charge you'll be requesting, conceptually should we think of those as being about the same size or would you actually have some leakage once ECOM and TGN is gone and the transition charge is in effect such that there would still, although a much smaller impact, still be a bit of a drag on '04 earnings?

David McClanahan: Well certainly once we get to the middle of the year and we get this charge in place I think we would be kept whole from just a carrying cost standpoint. But the first part of the year there will not be anything there. ECOM will be gone and we will not have this temporary CTC. So certainly there's going to be some leakage in the first six months of the year.

Jay Dobson: Great. Thank you so much.

David McClanahan: Okay.

Operator: Your next question is from Vedula Murti with SAC Capital.

Vedula Murti: Hi, good morning.

David McClanahan: Good morning, Vedula.

Vedula Murti: To kind of get back in terms of this dividend restriction, you implied that in fact if you think that earnings are not going to go below $0.80 then the restriction doesn't even come into play. So if that's the case is there still any kind of requirement to need to do $200 million of equity or equity-linked as part of this or could you avoid that entirely?

David McClanahan: Well I think we don't want to be faced with that restriction if we don't need to be faced with it. Certainly we would rather have only the $0.40 cap to deal with and not have to worry about the trailing 12 months.

As I have just mentioned to Jay, you know the first six months of next year without this interim and temporary CTC our earnings will be under some pressure and so we don't want to be faced with a potential limitation on dividends. And that's the reason we're so interested in getting it eliminated if it makes sense for our shareholders to do that.

Vedula Murti: Okay. And kind of following up on that part in terms of the potential earnings pressure, it would appear to me that basically here if one wanted to try to kind of prognosticate first quarter of '04, the $132 million that you have of ECOM would go away as well as the $17 million loss at Texas Genco. So it would appear on an EBIT basis we would probably have a loss of about $115 million would be dropping out year over year. Would that be accurate?

David McClanahan: Certainly we would not have the ECOM. We expect that in the first quarter we'll still have the Texas Genco reflected in our earnings. And you know we hope that they have a good first quarter of next year but Texas Genco, I don't expect that we will close a sale even if Reliant Resources exercises their option, before the second quarter.

Vedula Murti: But I thought you would consider those as discontinued ops and basically set those aside?

David McClanahan: Well I think if it is - you're right, if the option has been exercised they would go to discontinued ops. But I think the way the limitation works it's GAAP income.

Gary Whitlock: It is GAAP income.

David McClanahan: And so discontinued ops is still income.

Vedula Murti: Okay and then that would also answer the earlier question with regards to the accounting gain you have here in the first quarter or any other charges or gains that come, that happen along the way because those would be considered GAAP.

David McClanahan: That's exactly right.

Vedula Murti: Okay. So we should be watching very carefully any possible accounting gains or charges between now and the end of the year on a GAAP basis.

David McClanahan: Yes, I think that's a fair statement.

Vedula Murti: Okay. Thank you.

David McClanahan: Thank you.

Operator: Your next question comes from Phyllis Gray, Dwight Asset Management.

Phyllis Gray: Good morning. I was hoping that you could give me a monthly estimate of the replacement costs for the nuclear unit that's out?

David McClanahan: Well it really depends on the energy prices but let me kind of just review how we operate Texas Genco. We have 750 megawatts of base-load capacity that we do not auction. We keep it in reserve really for unplanned forced outages.

The energy cost of producing power out of those plants is between $16 and $17 a megawatt hour versus the nuclear plant which is between $4 and $5 a megawatt hour so there's a $10, $12 differential there. Now we also sell power on an opportunity basis when they're running this base-load so we also lose the opportunity sale as well.

As I mentioned earlier to a question, the $23 million in revenues margin that we lost when STP Unit 2 was down for the first two and a half months of the year is an indication of the impact that can be felt when you have a unit like this not operating. You're having to serve it with other units.

But it will really depend on where energy prices go which as you know, are highly dependent in Texas on where natural gas prices go.

Phyllis Gray: Sure. And then could you give me an idea of what the monthly output in megawatt hours from the plant or from your portion of the plant is?

David McClanahan: It's about 280,000 megawatt hours. That's based on - we own 385 megawatts of each one of those units and assume a very high capacity factor because these units are base-load and they have a capacity factor in excess of 90%. So you produce a lot of energy when those things are running.

Phyllis Gray: Terrific. Thanks so much.

David McClanahan: Okay.

Operator: Your next question is from David Grumhaus with Copia Capital.

David Grumhaus: A couple of quick questions. In terms of thinking about interest expense for this year, are we fairly safe in sort of taking the expense for the first quarter and multiplying by four or are there some things that may drive that up or down?

Gary Whitlock: No, I think you're safe in making that assumption.

David Grumhaus: Okay. Second question; I think it's been noted in your 10K that there was a $638 million difference between the book and the regulatory value on the generation assets. Is that an impairment that might have to be taken at some point and is that potentially something that could affect GAAP earnings and this dividend restriction?

David McClanahan: Yes, that has to be taken into account when we reconcile all of the dollars associated with Texas Genco. As you know we're depreciating Texas Genco assets. The regulated book value was whatever it was at 12/31/01 so the asset net book value continues to decline at Texas Genco. It probably won't come exactly equal to each other but they'll get much closer than they are today.

David Grumhaus: Okay great. Thanks a lot.

David McClanahan: Okay.

Operator: Your next question is from Daniele Seitz, Smith Barney.

Daniele Seitz: Hello and congratulations. Actually your earnings are well above what you anticipated originally. Does that mean that your range is - I mean you're talking about the high end of the range in terms of earnings?

And also are you staying in the mid area because of the potential impact of STP outage?

David McClanahan: Well our original earnings guidance of $0.85 to $1 per share, we still feel comfortable with that. Certainly the STP guidance of $1.10 to $1.30 was reflected in our guidance and we have confirmed that. So while we are pleased with the performance of our business units and what we've been able to accomplish, we're not ready to revise our earnings guidance. We still believe $0.85 to $1 is appropriate at this point in time. We'll continue to look at that and to the extent we believe it warrants a change we'll do so.

Daniele Seitz: And in terms of the ECOM level it was supposed to be declining very sharply because you were obviously - you obtained some much better prices. Do you anticipate that this is also offset by outages at all, has it been an impact at all or it doesn't at all? And you're still anticipating a sharp drop in ECOM?

David McClanahan: No, we still anticipate ECOM will come down this year relative to last year.

Daniele Seitz: But the bulk of it will be in the summer then in the peaking period?

David McClanahan: There's a lot of moving parts there because it's dependent on how much we generate, the fuel mix that we generate with. It's really hard to give you an exact answer there. Certainly $10 million was probably a little less than we thought it would decline honestly but as we move into the year those numbers will be adjusted. But we think it will be lower than last year obviously. And the summer months we have a lot higher capacity auction price and you'll probably see even a further decline relative to last year because of that.

Daniele Seitz: And again to make sure I'm not confusing two different things, the ECOM level has nothing to do with outages or anything like that? Or I thought it was a sort of mix of capacity that you could sell so it must have a little bit of an impact on any kind of outages that you would incur.

David McClanahan: Well outages affect how ECOM is calculated because the fuel costs comes into play. So it depends on what units you're running and the cost of producing power. So it certainly impacts it and I think you saw part of that impact in the first quarter.

Daniele Seitz: Right. Thanks, appreciate it.

David McClanahan: Okay.

Operator: Your next question comes from Angela Uttaro with Oppenheimer Funds. Angela, your line is open.

Angela has withdrawn her question. Your next question comes from Peter Hark with Talon Capital.

Peter Hark: Good morning.

David McClanahan: Good morning.

Peter Hark: Of the guidance you gave for 2003 of $0.85 to $1, how much of that is ECOM earnings?

David McClanahan: Well last year we had $682 million of ECOM. We believe that it is going to be substantially lower than that. It didn't reveal itself in the first quarter but we think that it is going to be substantially lower than that. We haven't given any specific guidance on that number and I hesitate to do so at this time.

Peter Hark: Okay. How about this? Of the $3.3 billion of rate base at HL&P, how much of that is ECOM regulatory asset?

David McClanahan: None of that is ECOM. Those are all hard assets.

Peter Hark: Okay. Okay, what's the allowed return on the ECOM balance?

David McClanahan: Well today at the TDU we earn 11-1/4% on equity. Now we're not earning anything on ECOM through rates. There is no earnings on that. But I guess I was thinking about as we get into 2004 and we seek a temporary CTC we'll certainly have to request a given level of return.

Peter Hark: Gotcha. I know you're going to try and fix the dividend restriction that comes up but in lieu of that just to get a better idea, what is your quarterly earnings profile? I know it depends on a trailing 12-month earnings so to the extent you can maintain earnings above $0.80 - so I'm trying to find out from here on out what the quarterly earnings profile looks like?

David McClanahan: Okay. We can get that for you. Hang on just a second.

Gary Whitlock: Peter, I think if you look at that in terms of the cyclicality or the seasonality of this business, in terms of ranges 25% to 30% in quarter one, 20% in quarter two, 40% quarter three - quarter three's our big quarter obviously or the most profitable quarter - then 10% to 15% in the fourth. You know, that's sort of the range from a seasonality perspective.

Peter Hark: Okay great. And then the last thing was on the $400 million required pay down in the fourth quarter assuming you don't get to restructure that some way. What are the options you're exploring for making good on that full payment? I know $200 million comes from an equity or equity-linked securities I guess but what other ways do you have of making the $400 million pay down?

David McClanahan: Well obviously there's any number of options out there. We believe that there's convertible securities option that's very attraction. We think at the holding company you have options there which are open to us now which perhaps weren't open a few months ago. At our subsidiaries there's some small capacity there as well.

But as Gary mentioned earlier, we have some liquidity today that we're also looking at so we have a series of options there that we're exploring. And I think it's really trying to figure out what is the best way to do this and what is in the interest of our shareholders to do it.

Peter Hark: How might we keep track of your ability or your efforts rather to renegotiate those pay downs and requirements on the dividend?

David McClanahan: Remember we have no requirement, I mean no mandatory. It's at our option. And you know other than just kind of watching what we're doing; certainly I know each quarter to the extent we haven't got it done, next quarter we'll talk about it again. But I think we're actively looking at our options there and so I would say just continue to watch what we're doing.

Peter Hark: Okay great. Thank you very much.

David McClanahan: Thank you.

Marianne Paulsen: Okay and I think we have time for one more question.

Operator: Your final question is a follow-up from Jonathan Rojewski with Goldman Sachs.

Jonathan Rojewski: Hi guys. Real quick because I know it's getting late. Gary, you said $480 million or $580 million for depreciation and amortization in '04?

Gary Whitlock: Just a second. D&A in '04 is about circa $580 million.

Jonathan Rojewski: Okay. Now if you subtract those two together that's only a difference from $617 million to $580 million of $37 million and if you have all the depreciation that goes away from the Texas Genco what is it that is increasing or how's D&A increasing at one of the other subsidiaries to substantially close that gap?

Gary Whitlock: That's just half a year, Jonathan, because Genco's with us for part of next year.

Jonathan Rojewski: So you're assuming three months of Genco?

Gary Whitlock: Six.

Jonathan Rojewski: Six months in '04?

Gary Whitlock: Yeah.

Jonathan Rojewski: Okay, six months in '04. It's the difference. Okay, great. Thanks.

Gary Whitlock: Thanks, Jonathan.

Marianne Paulsen: Okay, thank you. Thank you very much for participating in the call this morning and we appreciate your attention and support. And have a good day.

Operator: Thank you for participating in today's CenterPoint Energy first quarter 2003 earnings conference call. You may now disconnect.

END