



CenterPoint Energy Files to Change Natural Gas Distribution Rates for Customers in Arkansas

Increased capital investment, rising costs and declining usage are primary reasons for proposed rate change

HOUSTON - January 16, 2007 - CenterPoint Energy today filed an application with the Arkansas Public Service Commission (APSC) to change the company's natural gas distribution rates.

"The cost of distributing natural gas to our customers has continued to increase while customer count and usage has declined," said Walter Bryant, CenterPoint Energy's vice president of gas operations in Arkansas. "CenterPoint Energy recognizes the importance of keeping our rates as reasonable as possible; however, the ability to earn a reasonable return on investment is critical to our ability to continue providing safe and reliable service to our customers in Arkansas."

This filing seeks approval to change the base rate portion of a customer's natural gas bill, which makes up about 30 percent of the total bill and covers the cost of distributing natural gas. The filing does not apply to the Gas Supply Rate (GSR), which makes up about 70 percent of the bill. Through the GSR, the company passes through to its customers the actual cost it pays for the natural gas it purchases for use by its customers without any mark-up. In a separate filing, CenterPoint Energy will file a new GSR for the months of February and March which is expected to reduce the GSR by about 9 percent.

There are two principal reasons CenterPoint Energy is filing to change base rates:

- CenterPoint Energy's current rates for customers in Arkansas do not afford the company a reasonable opportunity to recover its operating costs and earn a reasonable return on its investment in Arkansas.
- Declining natural gas use per customer, combined with declining customer count, has led to declining revenues in the face of increasing costs such as increased capital investment and higher labor costs.

If the filing is approved by the APSC, CenterPoint Energy expects the new rates would go into effect later this year and would generate approximately \$50.9 million in additional revenue on an annual basis. The effect on individual monthly bills will vary depending on natural gas use and customer class.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution, competitive natural gas sales and services, and pipeline and field services operations. The company serves more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. CenterPoint Energy and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at 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 appeals from the true-up proceedings, the timing and impact of future regulatory, legislative and IRS 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, 2005, Form 10-Qs for the periods ended March 31, 2006, June 30, 2006, and September 30, 2006, and other filings with the Securities and Exchange Commission.