



CenterPoint Energy to contest ALJ fuel expense recommendation

Case moves to Public Utility Commission for final ruling

HOUSTON - March 5, 2004 - CenterPoint Energy, Inc. (NYSE:CNP) announced today that a Texas Administrative Law Judge (ALJ) recommended that the company not be allowed to recover \$87 million in fuel expenses incurred by Houston Lighting & Power between 1997 and 2001. The company expressed its intention to oppose this recommendation when the Texas Public Utility Commission (PUC) considers the ALJ's decision on April 15, 2004. The ALJ also recommended that an additional \$46 million be recovered in CenterPoint Energy's true-up proceeding, which will be filed on March 31, 2004.

The ALJ's recommendation comes in the final phase of a multi-year proceeding to review \$8.5 billion in fuel and purchased power costs.

The ALJ took exception to two elements in CenterPoint Energy's filing. First, the ALJ concluded that approximately \$20 million of expenditures were not eligible for recovery as fuel expense. This amount included certain re-dispatch costs and costs imputed to be purchased power capacity payments which would not be recoverable in the fuel reconciliation proceeding.

Second, the ALJ found that HL&P should have received more of the fuel savings that resulted from a joint dispatch agreement between HL&P and the City of San Antonio. Under the agreement, HL&P and San Antonio operated their power plants as if they were a single fleet, using whatever combination of coal, gas and nuclear fuel that could be operated most efficiently. The ALJ concluded that the savings were lower than those calculated by HL&P and that the savings should have been split differently between the two parties. The result of this recommendation would be a \$67 million reduction in reconcilable fuel expenses.

"It is unfortunate that the decision takes issue with the joint dispatch agreement, an arrangement that has saved Houston-area customers millions of dollars over 5 years," said Scott Rozzell, executive vice president and general counsel for CenterPoint Energy. "It is also regrettable that the ALJ denied recovery of purchased power expenses that the ALJ recognized were made to maintain reliability of service. That is usually the standard for permitting recovery, not denying it. We believe that we will be able to show the Commission that the division of joint dispatch savings was proper and that the purchased power costs and re-dispatch costs at issue were in fact eligible for recovery in this proceeding."

The company is currently reviewing the potential effect of the ALJ's recommendation on the company's financial accounting.

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission and distribution, natural gas distribution and sales, interstate pipeline and gathering operations, and more than 14,000 megawatts of power generation in Texas, of which nearly 3,000 megawatts are currently in mothball status. The company serves nearly five million customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. Assets total approximately \$20 billion. With more than 11,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 130 years. For more information, visit the Web site at www.CenterPointEnergy.com.