

Request No: COH3-12

CENTERPOINT ENERGY, INCORPORATED

PUC DOCKET NO. 29526

SOAH DOCKET NO. 473-04-4555

CITY OF HOUSTON

Q. Explain the accounting on the company's books for recording deferred income taxes on the excess mitigation liability.

A. A deferred income tax asset was established when the excess mitigation regulatory liability was recorded because the liability was not deductible for tax purposes at that time. Refunds to ratepayers are currently deductible for tax purposes when paid. As refunds to ratepayers are paid, the Company is entitled to the tax deduction and the regulatory liability is reduced along with its related deferred income tax asset.

Sponsor: Robert W. Hriszko

Attachments: None

CERTIFICATE OF SERVICE
Docket No. 29526
SOAH Docket No. 473-04-4555

I hereby certify that a true and correct copy of the foregoing document was hand delivered, electronic mail or sent by overnight delivery or United States first class mail to all parties this 16th day of April 2004

Alice L. Braun