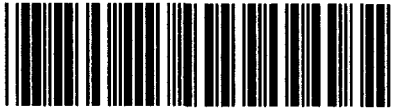




Control Number: 29526



Item Number: 896

Addendum StartPage: 0

PUC DOCKET NO. 29526
SOAH DOCKET NO. 473-04-4555

RECEIVED
2004 MAY 20 PM 1:46

PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF CENTERPOINT §
ENERGY HOUSTON ELECTRIC, LLC, §
TEXAS GENCO, LP AND RELIANT §
ENERGY RETAIL SERVICES, LLC TO §
DETERMINE STRANDED COSTS AND §
OTHER BALANCES §

BEFORE THE

PUBLIC UTILITY COMMISSION

OF TEXAS

Contact: Paul LaSaint

(713) 207-5218
Fax: (713) 207-9840

May 20, 2004

TABLE OF CONTENT

<u>Description</u>	<u>Page</u>
Affidavit of Publication	2-3
Certificate of Service	4

AFFIDAVIT OF PUBLICATION

STATE OF TEXAS:

COUNTY OF HARRIS:

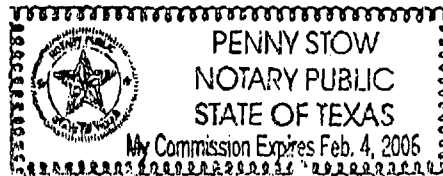
Before me, the undersigned authority, a Notary Public in and for the State of Texas, on the day personally appeared: GAIL FEAGINS, who after being duly sworn, says that she is the SUPERVISOR-ACCOUNTS RECEIVABLE at the HOUSTON CHRONICLE, a daily newspaper published in Harris County, Texas, and that the publication, of which the annexed herein, or attached to, is a true and correct copy, was published to-wit:

CENTERPOINT ENERGY	18360197	985305		
RAN A LEGAL NOTICE				
SIZE BEING: 2 X 9.50 I (19.0I)				
product	date	class	page	
hc	Apr 28 2004	1245.0	E_wed_L 11	
hc	May 5 2004	1245.0	E_wed_L 12	

Gail Feagins

GAIL FEAGINS
SUPERVISOR - ACCOUNTS RECEIVABLE

Sworn and subscribed to before me, this the 5th Day of May A.D. 2004



Penny Stow
Notary Public (in) and for the State of Texas

NOTICE OF APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC, RELIANT ENERGY RETAIL SERVICES, LLC, AND TEXAS GENCO, LP TO DETERMINE STRANDED COSTS AND OTHER TRUE-UP BALANCES PURSUANT TO PURA § 39.262

On March 31, 2004, CenterPoint Energy Houston Electric, LLC ("CenterPoint"), Reliant Energy Retail Services, LLC ("Reliant"), and Texas Genco, LP (collectively, the "Applicants") jointly filed with the Public Utility Commission of Texas ("Commission") an Application to determine stranded costs and other true-up balances pursuant to PURA § 39.262. (The "Application") in accordance with Public Utility Regulatory Act ("PURA") § 39.262 and Commission Substantive Rule 25.263. The Commission has assigned Docket No. 29526 to the Application.

The Application, which will initiate a proceeding at the Commission known as the True-up proceeding, is a part of the transition from a wholly regulated electric market to a competitive retail electric market established by the Texas Electric Choice Act enacted by the Texas Legislature in 1999. Stranded costs are defined in the Texas Electric Choice Act as "the positive excess of the net book value of generation assets over the market value of the assets, taking into account all of the electric utility's generation assets, any above market purchased power costs, and any deferred debit related to a utility's discontinuance of the application of Statement of Financial Accounting Standards No. 71 ('Accounting for the effects of Certain Types of Regulation') for generation-related assets if required by the provisions of this chapter (PURA Chapter 39).

The Application will affect all Retail Electric Providers ("REPs") serving end-use retail electric customers in CenterPoint's service territory. The Application will affect all retail customers of Reliant Energy Retail Services, LLC served under Price to Beat rates and may affect retail customers of all REPs depending on how the REPs choose to pass along changes in CenterPoint's charges to REPs resulting from the Application to their retail customers.

The Applicants are requesting that the Commission find that: (a) the amount of stranded costs, without interest, is \$2,442,918,445; (b) the sum of other generation related true-up balances is \$1,527,364,599; and (c) the Price to Beat true-up balance is \$176,657,700. Such findings will result in CenterPoint increasing its annual charges to REPs serving end-use retail customers in CenterPoint's service territory. The precise amount of the increase and the manner in which that increase will be collected will be determined in one or more subsequent proceedings before the Commission. A number of variables, such as the period over which the stranded costs and other true-up balances will be recovered and the interest rate used to compute carrying costs, have yet to be determined.

CenterPoint estimates that if the Application is granted and the sum of items (a) and (b) above, net of item (c), of \$3,793,627,344 is: 1) securitized at a 5% per annum interest rate; 2) recovered over 15 years with the assumption that the kilowatt-hours ("kWh") delivered by CenterPoint grow at 2% per year; and 3) allocated in the same manner approved in Commission Docket No. 21665, the first year increase in CenterPoint's non-bypassable charges will be approximately \$331 million. If the resulting non-bypassable charges to REPs for residential customers are passed through in their entirety on a per kWh basis, CenterPoint estimates that the increase to a residential customer using 1000 kWh per month would be approximately \$5.05 per month. CenterPoint also seeks recovery of interest on stranded costs from January 1, 2002, and that issue is pending before the Texas Supreme Court. If CenterPoint is successful in obtaining interest, and using the same assumptions stated above, interest through August 31, 2004, would increase the charge to a residential customer using 1000 kWh per month by approximately \$0.84 per month.

Competitive REPs may choose to pass through to their customers none, some, or all of the increased charges resulting from this Application. Reliant, the affiliated REP, must adjust the residential Price to Beat in accordance with Commission rules. Based on future adjustments allowed by law, the impact to Price to Beat customers may result in an increase of approximately 1.1 cents per kWh (\$11.00 per month for a typical residential customer using 1,000 kWh per month).

Persons with questions or who want more information about the Application may contact CenterPoint at 1111 Louisiana, Houston, Texas 77002 or by calling Bunny Browning at 713-207-5567 or 1-888-889-1495. A complete copy of the Application is available for inspection at the address listed above.

Persons who wish to intervene in this proceeding must file a motion to intervene by May 17, 2004. Persons who wish to comment should do so in writing. Written comments and motions to intervene should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. All motions and comments should reference Docket No. 29526. Further information may also be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

CERTIFICATE OF SERVICE
PUC Docket 29526
SOAH Docket 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 20 of May 2004.

Alice J. Braun