

Public Utility Commission of Texas

1701 N. Congress, P.O. Box 13326, Austin, TX 78711-3326

News Release
Thursday, Nov. 19, 2009

Contact: Terry Hadley 512-936-7135

Electricity cost savings in CenterPoint area **Hurricane Ike recovery costs reduced through securitization**

Electric customers served by CenterPoint Houston will save approximately \$417 million on their bills over the next 13 years because of the lowest securitized bond rates ever issued for a Texas electric utility transaction.

Senate Bill 769 approved by the 81st Texas Legislature earlier this year extended securitization to weather-related recovery costs, including damages incurred by Hurricane Ike in September 2008.

“Senate Bill 769 helps keep prices down and the lights on, and we are already seeing the benefits of this important legislation,” said Gov. Rick Perry. “Decreasing the financial impact on consumers following a hurricane is an essential step to recovery.”

The savings for CenterPoint customers follow a similar process for electric customers of Entergy Texas customers that will save about \$322 million.

“When combined with the recent securitization of Entergy’s hurricane recovery costs, the savings for electric customers in Ike’s path will total about \$740 million,” said PUC Chairman Barry Smitherman. “I commend everyone, especially Gov. Rick Perry and Sen. Tommy Williams, for the legislation needed to bring these savings to Houston and Southeast Texas electric customers.”

The CenterPoint securitization resulted in very favorable interest rates with a weighted average of 3.72 percent. Without securitization, the interest rate would have been 11.075 percent.

The Public Utility Commission (PUC) authorized the securitization of approximately \$643 million in Ike recovery costs for CenterPoint after parties reached a settlement. The securitized bonds total approximately \$665 million. CenterPoint is expected to close on these bonds Nov. 25.

Securitized debt provides funding at a lower cost than traditional utility funding because of the risk reduction that securitization gives to bondholders. Texas law allows the securitization of utility costs only if it provides a greater customer benefit than traditional financing methods.

CenterPoint Houston supplies electricity as the transmission and distribution, or wires utility, to more than 2.1 million customers in a 5,000-square-mile area in and around Houston.

All PUC News Releases are available at www.puc.state.tx.us