

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

CENTERPOINT ENERGY INC  
Form U-13-60  
May 02, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM U-13-60

ANNUAL REPORT

FOR THE PERIOD

BEGINNING JANUARY 1, 2004 AND ENDING DECEMBER 31, 2004

TO THE

U.S. SECURITIES AND EXCHANGE COMMISSION

OF

CENTERPOINT ENERGY SERVICE COMPANY, LLC  
(Exact Name of Reporting Company)

A Subsidiary Service Company  
("Mutual" or "Subsidiary")

Date of Incorporation January 1, 2004

State or Sovereign Power under which Incorporated or Organized: Texas

Location of Principal Executive Offices of Reporting Company: Houston, TX

Name, title, and address of officer to whom correspondence concerning this  
report should be addressed:

Walter L. Fitzgerald	Vice President and Controller	1111 Louisiana, Houston, Texas 77002
(Name)	(Title)	(Address)

Name of Principal Holding Company Whose Subsidiaries are  
served by Reporting Company:

CENTERPOINT ENERGY INC.

INSTRUCTIONS FOR USE OF FORM U-13-60

1. TIME OF FILING. --Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the Instructions for that form.

2. NUMBER OF COPIES. --Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

3. PERIOD COVERED BY REPORT. --The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.

4. REPORT FORMAT. --Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to each size.

5. MONEY AMOUNTS DISPLAYED. --All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X (210.3-01(b)).

6. DEFICITS DISPLAYED. --Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X, 210.3-01(c))

7. MAJOR AMENDMENTS OR CORRECTIONS. --Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.

8. DEFINITIONS. --Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.

9. ORGANIZATION CHART. --The service company shall submit with each annual report a copy of its current organization chart.

10. METHODS OF ALLOCATION. --The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.

11. ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED. --The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.

Page 2 of 52

### LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

DESCRIPTION OF SCHEDULES AND ACCOUNTS	SCHEDULE OR ACCOUNT NUMBER	PAGE NUMBER
Comparative Balance Sheets	Schedule I	4-5
Service Company Property	Schedule II	6
Accumulated Provision for Depreciation and Amortization of Service Company Property	Schedule III	7
Investments	Schedule IV	8

**Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60**

Accounts Receivable from Associate Companies	Schedule V	9-10
Fuel Stock Expenses Undistributed	Schedule VI	11
Stores Expense Undistributed	Schedule VII	11
Miscellaneous Current and Accrued Assets	Schedule VIII	12
Miscellaneous Deferred Debits	Schedule IX	12
Research, Development, or Demonstration Expenditures	Schedule X	13
Proprietary Capital	Schedule XI	14
Long-Term Debt	Schedule XII	15
Current and Accrued Liabilities	Schedule XIII	16
Notes to Financial Statements	Schedule XIV	17-22
Comparative Statement of Income	Schedule XV	23
Analysis of Billing - Associate Companies	Account 457	24
Analysis of Billing - Nonassociate Companies	Account 458	25
Analysis of Charges for Service - Associate and Nonassociate Companies	Schedule XVI	26
Schedule of Expense by Department or Service Function	Schedule XVII	27-34
Departmental Analysis of Salaries	Account 920	35-36
Outside Services Employed	Account 923	37-41
Employee Pensions and Benefits	Account 926	42
General Advertising Expenses	Account 930.1	43
Miscellaneous General Expenses	Account 930.2	44
Rents	Account 931	44
Taxes Other Than Income Taxes	Account 408	45
Donations	Account 426.1	46
Other Deductions	Account 426.5	47
Notes to Statements of Income	Schedule XVIII	48

LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

Organization Chart	
Methods of Allocation	49
Annual Statement of Compensation for Use of Capital Billed	50-51
Signature Clause	52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

SCHEDULE I-COMPARATIVE BALANCE SHEET  
(thousands of dollars)

Give balance sheet of the Company as of December 31 of the current and prior year.

		AS OF DECEMBER	
ACCOUNT	ASSETS AND OTHER DEBITS	2004	2003
-----	-----	-----	-----
	SERVICE COMPANY PROPERTY		
101	Service company property (Schedule II)	\$160,653	
107	Construction work in progress (Schedule II)	3,857	
	Total Property	164,510	
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)		(56,268)

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

	Net Service Company Property		----- 108,242
	INVESTMENTS		
123	Investments in associate companies	(Schedule IV)	--
124	Other Investments	(Schedule IV)	--
	Total Investments		----- --
	CURRENT AND ACCRUED ASSETS		
131	Cash		1,117
134	Special deposits		--
135	Working funds		--
136	Temporary cash investments	(Schedule IV)	--
141	Notes receivable		95
143	Accounts receivable		4,714
144	Accumulated provision for uncollectible accounts		--
146	Accounts receivable from associate companies	(Schedule V)	57,847
152	Fuel stock expenses undistributed	(Schedule VI)	--
154	Materials and supplies		--
163	Stores expense undistributed	(Schedule VII)	--
165	Prepayments		4,215
174	Miscellaneous current and accrued assets	(Schedule VIII)	--
	Total Current and Accrued Assets		----- 67,988
	DEFERRED DEBITS		
181	Unamortized debt expense		--
184	Clearing accounts		(3,282)
186	Miscellaneous deferred debits	(Schedule IX)	17,263
188	Research, development, or demonstration expenditures	(Schedule X)	--
190	Accumulated deferred income taxes		26,687
	Total Deferred Debits		----- 40,668
	TOTAL ASSETS AND OTHER DEBITS		----- \$216,898 =====

Page 4 of 52

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL		AS OF DECEMBER	
-----	-----		-----	-----
			2004	20
	PROPRIETARY CAPITAL			
201	Common stock issued	(Schedule XI)	\$ 1	\$
211	Miscellaneous paid-in-capital	(Schedule XI)	34,091	
215	Appropriated retained earnings	(Schedule XI)	--	
216	Unappropriated retained earnings	(Schedule XI)	5,493	
	Total Proprietary Capital		----- 39,585	
	LONG-TERM DEBT			
223	Advances from associate companies	(Schedule XII)	--	
224	Other long-term debt	(Schedule XII)	2,613	
225	Unamortized premium on long-term debt		--	
226	Unamortized discount on long-term debt-debit		--	

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

	Total Long-Term Debt		----- 2,613
	CURRENT AND ACCRUED LIABILITIES		
231	Notes Payable		--
232	Accounts Payable		14,590
233	Notes payable to associate companies	(Schedule XIII)	29,102
234	Accounts payable to associate companies	(Schedule XIII)	10,145
236	Taxes accrued		(31,259)
237	Interest accrued		67
238	Dividends declared		--
241	Tax collections payable		731
242	Miscellaneous current and accrued liabilities	(Schedule XIII)	19,982
	Total Current and Accrued Liabilities		----- 43,358
	DEFERRED CREDITS		
253	Other deferred credits		131,342
255	Accumulated deferred investment tax credits		--
	Total Deferred Credits		----- 131,342
282	ACCUMULATED DEFERRED INCOME TAXES		----- --
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL		----- \$216,898 =====

Page 5 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE II-SERVICE COMPANY PROPERTY  
(thousands of dollars)

Description	Balance at Beginning of Year	Additions	Retirements or Sales	Other Changes	Balance Close o Year
-----	-----	-----	-----	-----	-----
Service Company Property					
ACCOUNT					
301 Organization	\$ --	\$ --	\$ --	\$ --	\$ --
303 Miscellaneous Intangible Plant	42,476	8,398	--	--	50,874
304 Land and Land Rights	46	--	--	--	46
305 Structures and Improvements	--	10	--	--	10
306 Leasehold Improvements	197	--	--	--	197
307 Equipment (2)	81,503	5,594	(344)	219	86,972
308 Office Furniture and Equipment	23,021	83	(442)	(219)	22,443
309 Automobiles, Other Vehicles and Related Garage Equipment	111	--	--	--	111
310 Aircraft and Airport Equipment	--	--	--	--	--
311 Other Service Company Property	--	--	--	--	--
	-----	-----	-----	-----	-----
Subtotal Plant In Service	147,354	14,085	(786)	--	160,653
	-----	-----	-----	-----	-----

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

107 Construction Work In Progress	8,260	9,681	(14,084)	--	3,85
TOTAL	\$155,614	\$23,766	\$(14,870)	\$ --	\$164,51

- (1) Provide an explanation of those changes considered material: N/A
- (2) Subaccounts are required for each class of equipment owned. The service company shall provide a listing by subaccount of equipment additions during the year and the balance at the close of the year:

	Additions	Balance at Close of Year
Communication Equipment .....	\$ 8	\$ 7,405
Computer Equipment .....	5,497	78,348
Miscellaneous Equipment .....	89	1,219
	\$5,594	\$86,972

- (3) Describe other service company property: None
- (4) Describe construction work in progress: Computer software and hardware and office equipment and furniture.

Page 6 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE III-ACCUMULATED PROVISION FOR DEPRECIATION  
AND AMORTIZATION OF SERVICE COMPANY PROPERTY  
(thousands of dollars)

Description	Balance at Beginning of Year	Additions Charged to Account 403	Retirements	Other Changes Add (Deduct)
Account				
301 Organization	\$ --	\$ --	\$ --	\$ --
303 Miscellaneous Intangible Plant	(12,997)	(4,818)	--	144
304 Land and Land Rights	--	--	--	--
305 Structures and Improvements	--	--	--	--
306 Leasehold Improvements	(162)	(28)	--	--
307 Equipment	(31,750)	(7,101)	344	--
308 Office Furniture and Equipment	930	(753)	187	(175)
309 Automobiles, Other Vehicles And Related Garage Equipment	(86)	(3)	--	--

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

310 Aircraft and Airport Equipment	--	--	--	--
311 Other Service Company Property	--	--	--	--
	-----	-----	-----	-----
TOTAL	\$ (44,065)	(12,703)	\$531	\$ (31)
	=====	=====	=====	=====

(1) Provide an explanation of those changes considered material: None

Page 7 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE IV--INVESTMENTS  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule concerning investments.

Under Account 124, "Other Investments", state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments", list each investment separately.

Description	Balance at Beginning of Year	Balance at Close of Year
	-----	-----
Acct 123 - Investment in Associated Companies	\$--	\$--
Acct 124 - Other Investments	--	--
Acct 136 - Temporary Cash Investments	--	--
	---	---
TOTAL	\$--	\$--
	===	===

Page 8 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE V--ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

Balance at Balance at

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Description -----	Beginning of Year -----	Close of Year -----
Account 146 - Accounts Receivable from Associate Companies		
CenterPoint Energy Houston Electric, LLC	\$--	\$14,675
CenterPoint Energy Resources Corp	--	3
CenterPoint Energy Mississippi River Transmission	--	234
CenterPoint Energy Gas Transmission Co.	--	2,187
CenterPoint Energy Pipeline Services Inc.	--	172
CenterPoint Energy Field Services, Inc.	--	370
CenterPoint Energy Funding Company	--	39
CenterPoint Energy Properties, Inc.	--	1,789
CenterPoint Energy Arkla	--	3,140
CenterPoint Energy Minnegasco	--	2,994
CenterPoint Energy Marketing, Inc.	--	737
CenterPoint Energy Entex	--	7,222
CenterPoint Energy Alternative Fuels Inc.	--	3
CenterPoint Energy, Inc.	--	17,096
Texas Genco Holdings, Inc.	--	625
CNP Avco Holdings, Inc.	--	5,877
Texas Genco, LP	--	684
	---	-----
TOTAL	\$--	\$57,847
	===	=====

Page 9 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE V-ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

Analysis of Convenience or Accommodation Payments: -----	Total Payments -----
CenterPoint Energy Houston Electric, LLC	\$16,701
CenterPoint Energy Resources Corp.	1,284
CenterPoint Energy Mississippi River Transmission	704
CenterPoint Energy MRT Services	1
CenterPoint Energy Gas Transmission Co.	3,245
CenterPoint Energy Pipeline Services Inc.	516
CenterPoint Energy Field Services, Inc.	474
CenterPoint Energy Transition Bond Co., LLC	15
Arkla Industries	1
CenterPoint Energy Intrastate Pipeline	153
CenterPoint Energy Properties, Inc.	3,509
CenterPoint Energy Products, Inc.	12
CenterPoint Energy Arkla	2,560
CenterPoint Energy Minnegasco	1,753
CenterPoint Energy Gas Services, Inc.	2,790
CenterPoint Energy Entex	5,774



Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

CenterPoint Energy Alternative Fuels Inc.	17
CenterPoint Energy Power Systems, Inc.	5
CenterPoint Energy, Inc	1,365
Texas Genco II, LP	7,786
Texas Genco GP, LLC	135
Texas Genco Holdings, Inc.	122
	-----
Total Payments	\$48,922
	=====

Page 10 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE VI--FUEL STOCK EXPENSES UNDISTRIBUTED  
(thousands of dollars)

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. Under the section headed "Summary" list below give an overall report of the fuel functions performed by the service company.

Description	Labor	Expense	Total
-----	-----	-----	-----
Account 152-Fuel Stock Expenses Undistributed	\$--	\$--	\$--
	---	---	---
TOTAL	\$--	\$--	\$--
	===	===	===

Summary: None

SCHEDULE VII--STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expenses during the year and indicate amount attributable to each associate company.

Description	Labor	Expense	Total
-----	-----	-----	-----
Account 163-Stores Expenses Undistributed	\$--	\$--	\$--
	---	---	---
TOTAL	\$--	\$--	\$--
	===	===	===

Page 11 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

SCHEDULE VIII--MISCELLANEOUS CURRENT AND ACCRUED ASSETS  
(thousands of dollars)

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

Description -----	Balance at Beginning Of Year -----	Balance at Close Of Year -----
Account 174-Miscellaneous Current and Accrued Assets	\$--	\$--
	---	---
TOTAL	\$-- ===	\$-- ===

SCHEDULE IX--MISCELLANEOUS DEFERRED DEBITS  
(thousands of dollars)

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped by class showing the number of items in each class.

Description -----	Balance at Beginning of Year -----	B Clo -----
Account 186 - Miscellaneous Deferred Debits		
Cash surrender value associated with Corp Life Insurance Policy	\$ 8,064	
Cash collateral for performance bonds	3,200	
Workers compensation loss deposit fund	133	
Working capital fund - Relocation Services	150	
Long-term receivable from associated companies		
CenterPoint Energy Mississippi River Transmission Service Company	--	
CenterPoint Energy Arkla Industries Inc.	--	
CenterPoint Energy Marketing, Inc.	203	
CenterPoint Energy Intrastate Pipeline	55	
CenterPoint Energy Louisiana Transmission Division of Entex	44	
CenterPoint Energy Resources Corp.	--	
CenterPoint Energy Utility Holding, LLC	1,463	
Other	567	
	-----	
Total	\$13,879 =====	

Page 12 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE X--RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES  
(thousands of dollars)

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

Description -----	Balance at Beginning of Year -----	Balance Close of Y -----
Account 188-Research, Development, or Demonstration Expenditures	\$-- ---	\$-- ---
TOTAL	\$-- ===	\$-- ===

Page 13 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XI--PROPRIETARY CAPITAL  
(thousands of dollars, except per share data)

Account Number -----	Class of Stock -----	Number of Shares Authorized -----	Par or Stated Value Per Share -----	Outstanding No. of Shares -----	Close of P Total Am -----
201	Common Stock Issued	1,000	1.00	1,000	\$1

INSTRUCTIONS: Classify amounts in each account with a brief explanation, disclosing the general nature of transactions which give rise to the amounts.

Description -----	Amount -----
211 Miscellaneous paid-in-capital Contributions from CenterPoint Energy, Inc.	\$34,091
215 Appropriated retained earnings	----- \$34,091 =====

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owned or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

Description -----	Balance at Beginning of Year -----	Net Income or (Loss) -----	Dividends Paid -----	Bal Close -----
----------------------	--	----------------------------------	----------------------------	-----------------------

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

216 Unappropriated Retained Earnings \$-- 5,493 -- \$

Note: Net income is due to the following:

Compensation for the use of capital to associate companies	\$ 9,015
Compensation for the use of capital to nonassociate companies	418
Interest on debt to associate companies	(1,719)
Miscellaneous income	633
Income taxes	4,284
Provision for deferred income taxes	(7,138)
	-----
Net Income	\$ 5,493

Page 14 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XII--LONG-TERM DEBT  
(thousands of dollars)

INSTRUCTIONS: Advances from associate companies should be reported separately for advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 -- Other long-term debt provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

Name of Creditor	Term of Obligation Class & Series Of Obligation	Date of Maturity	Interest Rate	Beginning Amount Authorized	
-----	-----	-----	-----	-----	
Account 223-Advances from Associate Companies				\$ --	
Account 224-Other Long-Term Debt	IBM Credit Corporation	3yr Capital Lease	Feb 2006	4.14%	\$ 7,326
	IBM Credit Corporation	3yr Capital Lease	Apr 2006	7.52%	3,673
					-----
	TOTAL				\$10,999
					=====

(1) Give an explanation of deductions: None

Page 15 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

### SCHEDULE XIII--CURRENT AND ACCRUED LIABILITIES (thousands of dollars)

INSTRUCTIONS: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

		Balance at Beginning of Year		Balance at Close of Year
		-----		-----
Account 233	Notes Payable to Associate Companies CenterPoint Energy, Inc.	\$ --		\$29,102
	TOTAL	\$ --		\$29,102
		=====		=====
Account 234	Accounts Payables to Associate Companies			
	CenterPoint Energy Houston Electric, LLC	\$ --		\$ 520
	CenterPoint Energy Resources Corp.	--		131
	CenterPoint Energy Mississippi River Transmission	--		25
	CenterPoint Energy Gas Transmission Co.	--		65
	CenterPoint Energy Pipeline Services Inc.	--		177
	CenterPoint Energy Field Services, Inc.	--		7
	CenterPoint Energy Funding Company	--		27
	CenterPoint Energy Properties, Inc.	--		2,010
	CenterPoint Energy Arkla	--		63
	CenterPoint Energy Minnegasco	--		106
	CenterPoint Energy Marketing, Inc.	--		29
	CenterPoint Energy Entex	--		162
	CenterPoint Energy, Inc.	--		6,000
	Texas Genco Holdings, Inc.	--		817
	Texas Genco, LP	--		6
	TOTAL	\$ --		\$10,145
		=====		=====
Account 242	Miscellaneous Current and Accrued Liabilities			
	Accrued Audit fees	\$ --		\$ 1,307
	Accrued Salaries / Payroll	--		1,011
	Accrued Employee Benefits	--		723
	Accrued Annual Incentive Compensation	--		10,875
	Capital Lease Obligations-Current	5,138		5,138
	Other	--		928
	TOTAL	\$5,138		\$19,982
		=====		=====

Page 16 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XIV -- NOTES TO FINANCIAL STATEMENTS

INSTRUCTIONS: The space below is provided for important notes regarding the

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

### (1) BACKGROUND AND BASIS OF PRESENTATION

#### (a) BACKGROUND

CenterPoint Energy Service Company, LLC (CESC or the Company) is an indirect wholly owned subsidiary of CenterPoint Energy, Inc. (CenterPoint Energy). CESC was formed on January 1, 2004 and certain assets were transferred to CESC from the parent company upon formation of CESC. CESC is the service company for CenterPoint Energy and its subsidiaries. CESC provides administrative and service functions involving system-wide coordination, strategy and compliance functions to CenterPoint Energy and its subsidiaries, at cost, pursuant to service agreements approved by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA), as amended.

As of December 31, 2004, the majority of CESC's services are provided primarily to two indirect wholly owned subsidiaries of CenterPoint Energy:

- CenterPoint Energy Houston Electric, LLC (CenterPoint Houston), which engages in the electric transmission and distribution business in a 5,000-square mile area of the Texas Gulf Coast that includes Houston; and
- CenterPoint Energy Resources Corp. (CERC Corp., and, together with its subsidiaries, CERC), which owns gas distribution systems. The operations of its local distribution companies are conducted through three unincorporated divisions: Houston Gas, Minnesota Gas and Southern Gas Operations. Through wholly owned subsidiaries, CERC owns two interstate natural gas pipelines and gas gathering systems, provides various ancillary services, and offers variable and fixed price physical natural gas supplies to commercial and industrial customers and natural gas distributors.

In July 2004, CenterPoint Energy announced its agreement to sell its majority owned subsidiary, Texas Genco Holdings, Inc. (Texas Genco), to Texas Genco LLC (formerly known as GC Power Acquisition LLC), an entity owned in equal parts by affiliates of The Blackstone Group, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co. L.P. and Texas Pacific Group. On December 15, 2004, Texas Genco completed the sale of its fossil generation assets (coal, lignite and gas-fired plants) to Texas Genco LLC for \$2.813 billion in cash. Following the sale, Texas Genco distributed \$2.231 billion in cash to CenterPoint Energy. Texas Genco's principal remaining asset is its ownership interest in a nuclear generating facility. The final step of the transaction, the merger of Texas Genco with a subsidiary of Texas Genco LLC in exchange for an additional cash payment to the Company of \$700 million was completed on April 13, 2005, following the receipt of approval by the Nuclear Regulatory Commission.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) USE OF ESTIMATES.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

### (B) LONG-LIVED ASSETS

The Company records property, plant and equipment at historical cost. The Company expenses repair and maintenance costs as incurred.

The Company periodically evaluates long-lived assets, including property, plant and equipment and specifically identifiable intangibles when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. The

Page 17 of 52

determination of whether an impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets, as compared to the carrying value of the assets.

### (C) DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation is computed using the straight-line method based on economic lives. Depreciation expense for 2004 was \$12.7 million.

### (D) INCOME TAXES

The Company is included in the consolidated income tax returns of CenterPoint Energy. The Company calculates its income tax provision on a separate return basis under a tax sharing agreement with CenterPoint Energy. Pursuant to the tax sharing agreement with CenterPoint Energy, in 2004 the Company received an allocation of CenterPoint Energy's tax benefits totaling \$3.8 million. The Company uses the liability method of accounting for deferred income taxes and measures deferred income taxes for all significant income tax temporary differences. Current federal and certain state income taxes are payable to or receivable from CenterPoint Energy. For additional information regarding income taxes, see Note 5.

### (E) STOCK -BASED COMPENSATION

The Company uses the intrinsic method of accounting for its stock-based compensation. Effective January 1, 2005, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123(R)) using the modified prospective transition method. Under this method, the Company records compensation expense at fair value for all awards it grants after the date it adopts the standard. In addition, the Company is required to record compensation expense at fair value (as previous awards continue to vest) for the unvested portion of previously granted stock option awards that were outstanding as of the date of adoption. Pre-adoption awards of time-based restricted stock and performance-based restricted stock will continue to be expensed using the guidance contained in Accounting Principles Board Opinion No. 25. The adoption of SFAS 123(R) did not have a material impact on the Company's results of operations, financial condition or cash flows.

### (3) EQUITY

At December 31, 2004, CESC has 1,000 authorized shares of capital stock at a par value of \$1.00 per share. As of December 31, 2004, all shares of common stock were issued and held by CenterPoint Energy.

### (4) RELATED PARTY TRANSACTIONS

From time to time, the Company has receivables from, or payables to, CenterPoint Energy or its subsidiaries.

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

	DECEMBER 31, 2004
	----- (IN THOUSANDS)
Accounts receivable from affiliates.....	\$ 57,847
Accounts payable to affiliates.....	(10,145)
	-----
Accounts receivable/(payable)-- affiliated companies, net.....	\$ 47,702
	=====
Short-term notes payable-- affiliated companies.....	\$(29,102)
	=====
Long-term accounts receivable-- affiliated companies .....	\$ 3,577
	=====
Long-term accounts payable-- affiliated companies .....	\$ (441)
	=====
Long-term notes receivable-- affiliated companies .....	\$ 861
	=====

For the years ended December 31, 2004, the Company had net interest income (expense) related to affiliate borrowings of \$(1) million.

The 1935 Act generally prohibits borrowings by CenterPoint Energy from its subsidiaries, including the Company, either through the money pool or otherwise.

The company provides corporate services to CenterPoint Energy and its subsidiaries. The costs of services have been charged directly to CenterPoint Energy and its subsidiaries using methods that management believes are reasonable. These methods include negotiated usage rates, dedicated asset assignment and proportionate corporate formulas based on assets, operating expenses and employees. These charges are not necessarily indicative of what would have been incurred had CenterPoint Energy and its subsidiaries not been an affiliates. Amounts charged to CenterPoint Energy and its subsidiaries for these services were \$244 million in 2004.

Page 18 of 52

(5) INCOME TAXES

The Company's current and deferred components of income tax expense are as follows:

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
Current	
Federal.....	\$(4,284)
	-----
Total current.....	(4,284)
	-----
Deferred	
Federal.....	7,138
	-----



Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Total deferred.....	7,138
	-----
Income tax expense.....	\$ 2,854

A reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	YEAR ENDED DECEMBER 31, 2004
	-----
	(IN THOUSANDS)
Income from continuing operations before income taxes.....	\$8,347
Federal statutory rate.....	35%
	-----
Income tax expense at statutory rate.....	2,921
	-----
Increase (decrease) in tax resulting from:	
Other, net.....	(67)
	-----
Total.....	
Income tax expense.....	\$2,854
	=====
Effective Rate.....	34.2%

Following are the Company's tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases:

	YEAR ENDED DECEMBER 31, 2004
	-----
	(IN THOUSANDS)
Deferred tax assets:	
Non-current:	
Employee benefits.....	\$ 50,520
Other.....	3,591
	-----
Total deferred tax assets.....	54,111
	-----
Deferred tax liabilities:	
Non-current:	
Depreciation.....	(27,424)
	-----
Total deferred tax liabilities.....	(27,424)
	-----
Accumulated deferred income taxes, net.....	\$ 26,687
	=====

The Company is included in the consolidated income tax returns of CenterPoint Energy.

(6) EMPLOYEE BENEFIT PLANS

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

### (A) INCENTIVE COMPENSATION PLANS

The Company participates in CenterPoint Energy's long-term incentive plans (LICPs) that provide for the issuance of stock-based incentives, including performance shares, performance-based units, restricted shares and stock options to director's, officers and key employees.

Performance-based shares, performance-based units and restricted shares are granted to employees without cost to the participants. The performance shares and units vest within three years after the grant date based upon the performance of the Company over a three-year cycle. The restricted shares vest at various times ranging from one-year to at the end of a three-year period. Upon vesting, the shares are issued to the plan participants.

The Company recorded compensation expense of \$5 million related to long-term incentive compensation plans. Included in "Other

Page 19 of 52

Deferred Credits" in the accompanying Balance Sheet at December 31, 2004 was \$9 million relating to incentive compensation plans.

### (B) PENSION PLANS

Substantially all of the Company's employees participate in CenterPoint Energy's qualified non-contributory pension plan. Under the cash balance formula, participants accumulate a retirement benefit based upon 4% of eligible earnings and accrued interest. Prior to 1999, the pension plan accrued benefits based on years of service, final average pay and covered compensation. As a result, certain employees participating in the plan as of December 31, 1998 are eligible to receive the greater of the accrued benefit calculated under the prior plan through 2008 or the cash balance formula.

CenterPoint Energy's funding policy is to review amounts annually in accordance with applicable regulations in order to achieve adequate funding of projected benefit obligations. Pension expense is allocated to the Company based on covered employees. This calculation is intended to allocate pension costs in the same manner as a separate employer plan. Assets of the plan are not segregated or restricted by CenterPoint Energy's participating subsidiaries. The Company recognized pension expense of \$11 million for 2004.

In addition to the plan, the Company participates in CenterPoint Energy's non-qualified benefit restoration plan, which allows participants to retain the benefits to which they would have been entitled under the non-contributory pension plan except for federally mandated limits on these benefits or on the level of compensation on which these benefits may be calculated. The expense associated with the non-qualified pension plan was \$5 million in 2004.

### (C) SAVINGS PLAN

The Company participates in CenterPoint Energy's qualified savings plan, which includes a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code) and an Employee Stock Ownership Plan (ESOP) under Section 4975(e)(7) of the Code. Under the plan, participating employees may contribute a portion of their compensation, on a pre-tax or after-tax basis, generally up to a maximum of 16% of compensation. CenterPoint Energy matches 75% of the first 6% of each employee's compensation contributed. CenterPoint Energy may contribute an additional discretionary match of up to 50% of the first 6% of each employee's compensation contributed. These matching contributions are fully vested at all times. CenterPoint Energy

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

allocates to the Company the savings plan benefit expense related to the Company's employees.

Savings plan benefit expense was \$5 million for 2004.

In addition to the plan, the Company participates in CenterPoint Energy's non-qualified savings restoration plan, which allows participants to retain the benefits to which they would have been entitled under the qualified savings plan except for federally mandated limits on these benefits. The expense associated with the non-qualified savings restoration plan was less than \$1 million in 2004.

### (D) POSTRETIREMENT BENEFITS

The Company's employees participate in CenterPoint Energy's plans which provide certain health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees become eligible for these benefits if they have met certain age and service requirements at retirement, as defined in the plans. Under plan amendments effective in early 1999, health care benefits for future retirees were changed to limit employer contributions for medical coverage. Such benefit costs are accrued over the active service period of employees.

Page 20 of 52

Net postretirement benefit cost includes the following components:

	YEAR ENDED DECEMBER 31, 2004
-----	
(IN THOUSANDS)	
Service cost--benefits earned during the period.....	\$ 465
Interest cost on projected benefit obligation.....	2,091
Expected return on plan assets.....	--
Net amortization.....	1,424
	-----
Net postretirement benefit cost.....	\$3,980
	=====

The Company used the following assumptions to determine net postretirement benefit costs:

	YEAR ENDED DECEMBER 31, 2004
-----	
(IN THOUSANDS)	
Discount rate.....	6.25%

Following are reconciliations of the Company's beginning and ending balances of its postretirement benefit plans benefit obligation, plan assets and funded status for 2004.

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

YEAR ENDED DECEMBER 31,  
2004

-----  
(IN THOUSANDS)

CHANGE IN BENEFIT OBLIGATION

Accumulated benefit obligation, beginning of year.....	\$ 32,234
Service cost.....	465
Interest cost.....	2,091
Benefits paid.....	(2,126)
Participant contributions.....	582
Plan amendment.....	215
Actuarial loss.....	11,325
	-----
Accumulated benefit obligation, end of year.....	\$ 44,786
	=====

CHANGE IN PLAN ASSETS

Plan assets, beginning of year.....	\$ --
Benefits paid.....	(2,126)
Participant contributions.....	582
Employer contributions.....	1,544
	-----
Plan assets, end of year.....	\$ --
	=====

RECONCILIATION OF FUNDED STATUS

Funded status.....	\$ (44,786)
Unrecognized transition obligation.....	8,841
Unrecognized prior service cost.....	4,048
Unrecognized actuarial loss.....	10,485
	-----
Net amount recognized.....	\$ (21,412)
	=====

AMOUNTS RECOGNIZED IN BALANCE SHEETS

Benefit obligations.....	\$ (21,412)
	-----
Net amount recognized at end of year.....	\$ (21,412)
	=====

ACTUARIAL ASSUMPTIONS

Discount rate.....	5.75%
Healthcare cost trend rate assumed for the next year.....	9.75%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate).....	5.5%
Year that the rate reaches the ultimate trend rate....	2011
Measurement date used to determine plan obligations and assets.....	December 31, 2004

Assumed health care cost trend rates have a significant effect on the reported amounts for the Company's postretirement benefit plans. A 1% change in the assumed healthcare cost trend rate would have the following effects:

	1% INCREASE	1% DECREASE
	-----	-----
	(IN THOUSANDS)	
Effect on total of service and interest cost.....	\$ 30	\$ 26
Effect on the postretirement benefit obligation.....	730	618

The Company expects to contribute \$2 million to its postretirement benefit plan in 2005. The following benefit payments are expected to be paid by the postretirement benefit plan:

	POSTRETIREMENT BENEFITS
	-----
	(IN THOUSANDS)
2005.....	\$1,544
2006.....	1,621
2007.....	1,702
2008.....	1,787
2009.....	1,876
2010-2014.....	9,849

(E) POSTEMPLOYMENT BENEFITS

The Company participates in CenterPoint Energy's plan which provides postemployment benefits for former or inactive employees, their beneficiaries and covered dependents, after employment but before retirement (primarily health care and life insurance benefits for participants in the long-term disability plan). Postemployment benefits costs were less than \$1 million in 2004. Included in "Other Deferred Credits" in the accompanying Consolidated Balance Sheets at December 31, 2004 was \$2 million relating to postemployment benefits.

(F) OTHER NON-QUALIFIED PLANS

The Company participates in CenterPoint Energy's deferred compensation plans that provide benefits payable to directors, officers and certain key employees or their designated beneficiaries at specified future dates, upon termination, retirement or death. Benefit payments are made from the general assets of the Company. During 2004, the Company recorded benefit expense relating to these programs of \$7 million each year. Included in "Other Deferred Credits" in the accompanying Consolidated Balance Sheets at December 31, 2004 was \$73 million relating to deferred compensation plans.

(F) OTHER EMPLOYEE MATTERS

As of December 31, 2004, the Company had 934 full-time employees. Of these employees, none are covered by collective bargaining agreements.

8) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments are estimated to be approximately equivalent to carrying amounts.

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

(thousands of dollars)

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
	INCOME		
457	Services rendered to associate companies	\$290,900	\$--
458	Services rendered to nonassociate companies	5,589	--
421	Miscellaneous income and loss	863	--
	Total Income	297,352	--
	EXPENSES		
920	Salaries and wages	90,207	--
921	Office supplies and expenses	15,869	--
922	Administrative expenses transferred - credit	3,363	--
923	Outside services employed	80,002	--
924	Property insurance	29	--
925	Injuries and damages	7,894	--
926	Employee pensions and benefits	44,141	--
928	Regulatory commission expenses	--	--
930.1	General advertising expenses	2,482	--
930.2	Miscellaneous general expenses	4,584	--
931	Rents	15,894	--
932	Maintenance of structures and equipment	35	--
935	Maintenance of general plant	--	--
403	Depreciation and amortization expense	12,703	--
408	Taxes other than income taxes	7,899	--
409	Income taxes	(4,284)	--
410	Provision for deferred income taxes	7,138	--
411	Provision for deferred income taxes - credit	--	--
411.5	Investment tax credit	--	--
426.1	Donations	1,056	--
426.5	Other deductions	469	--
427	Interest on long-term debt	659	--
430	Interest on debt to associate companies	1,719	--
431	Other interest expense	--	--
	Total Expenses	291,859	--
	NET INCOME	\$ 5,493	\$--

Page 23 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

ANALYSIS OF BILLING

ASSOCIATE COMPANIES--ACCOUNT 457  
(thousands of dollars)

DIRECT      INDIRECT      COMPENSATION      TOTAL

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

NAME OF ASSOCIATE COMPANY	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	AMOUNT BILLED
CenterPoint Energy Houston Electric, LLC	\$ 83,532	\$ 27,639	\$5,167	\$116,338
CenterPoint Energy Entex	35,018	8,869	1,228	45,115
CenterPoint Energy Arkla	13,406	5,356	451	19,213
CenterPoint Energy Minnegasco	11,697	6,856	974	19,527
CenterPoint Energy Gas Transmission Co.	11,322	4,617	673	16,612
Texas Genco, LP	10,568	15,711	465	26,744
CenterPoint Energy, Inc.	4,735	27,456	19	32,210
CenterPoint Energy Gas Services, Inc.	3,932	2,973	10	6,915
CenterPoint Energy Properties, Inc.	3,040	342	21	3,403
CenterPoint Energy Resources Corp.	1,190	--	1	1,191
Texas Genco Holdings, Inc.	673	--	--	673
CenterPoint Energy Field Services, Inc.	662	1,217	6	1,885
CenterPoint Energy Mississippi River Trans.	588	2	--	590
CenterPoint Energy Pipeline Services Inc.	436	2	--	438
CenterPoint Energy Alternative Fuels Inc.	25	--	--	25
CenterPoint Energy Power Systems, Inc.	6	--	--	6
CenterPoint Energy Illinois Gas Transmission Co.	4	--	--	4
National Furnace Company	3	--	--	3
CenterPoint Energy Products, Inc.	2	--	--	2
CenterPoint Energy Pine Pipeline Acquisit. Co.	2	--	--	2
CenterPoint Energy Funding Company	2	--	--	2
Arkansas/Louisiana Finance Corp.	2	--	--	2
Total	\$180,845	\$101,040	\$9,015	\$290,900

Page 24 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

ANALYSIS OF BILLING

NONASSOCIATE COMPANIES--ACCOUNT 458  
(thousands of dollars)

INSTRUCTIONS: Provide a brief description of the services rendered to each nonassociate company.

NAME OF NONASSOCIATE COMPANY	DIRECT COSTS CHARGED	INDIRECT COSTS CHARGED	COMPENSATION FOR USE OF CAPITAL	TOTAL AMOUNT BILLED
Reliant Resources	\$4,431	\$--	\$403	\$4,834
Texas Genco, LP	726	--	15	741
Akin Gump	10	--	--	10
Veolia Water North America	2	--	--	2
Trinity Water, Oil & Gas	1	--	--	1
Advantech Solutions	1	--	--	1
Total	\$5,171	\$--	\$418	\$5,589

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Services provided to Reliant Resources:

1. Bill Printing
2. Bill Insert
3. Check Printing
4. Investor Services
5. Facility Management
6. Communication Services
7. Wellness Activity Center

Services provided to Texas Genco, LP (nonassociate company as of December 15, 2004)

1. Property & General Accounting
2. Cash Management
3. Compensation & Benefits
4. Accounts Payable
5. Mail Services
6. Records Management
7. Bank Reconciliation
8. Check Disbursements
9. Remittance Processing
10. Facility Management
11. Information Technology Services

Services provided to Akin Gump:

1. Wellness Activity Center

Services provided to Veolia Water North America, Trinity Water Oil & Gas, and Advantech Solutions:

1. Communication Services

Page 25 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVI--ANALYSIS OF CHARGES FOR SERVICE--ASSOCIATE AND  
NONASSOCIATE COMPANIES  
(thousands of dollars)



Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

INSTRUCTIONS: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Account	Description of Items	Associate Company Charges			Nonassociate Company Charges		
		Direct Cost	Indirect Cost	Total	Direct Cost	Indirect Cost	Total
920	Salaries and wages	\$ 52,087	\$ 35,505	\$ 87,592	\$2,615	\$--	\$2,615
921	Office supplies and expenses	11,528	3,872	15,400	469	--	469
922	Administrative expenses transferred - credit	3,363	--	3,363	--	--	--
923	Outside services employed	56,315	22,784	79,099	903	--	903
924	Property insurance	16	13	29	--	--	--
925	Injuries and damages	2,749	5,114	7,863	31	--	31
926	Employee pensions and benefits	17,629	26,201	43,830	311	--	311
928	Regulatory commission expenses	--	--	--	--	--	--
930.1	General advertising expenses	1,611	866	2,477	5	--	5
930.2	Miscellaneous general expenses	3,285	1,295	4,580	4	--	4
931	Rents	11,179	4,246	15,425	469	--	469
932	Maintenance of structures and equipment	19	16	35	--	--	35
935	Maintenance of general plant	--	--	--	--	--	--
403	Depreciation and amortization expense	12,017	350	12,367	336	--	12,367
408	Other taxes-non-inc	7,926	(36)	7,890	9	--	7,890
409	Income taxes	--	--	--	--	--	--
410	Provision for deferred income taxes	--	--	--	--	--	--
411	Provision for deferred income taxes - credit	--	--	--	--	--	--
411.5	Investment tax credit	--	--	--	--	--	--
426.1	Donations	285	770	1,055	1	--	1,055
426.5	Other deductions	425	44	469	--	--	469
427	Interest on long-term debt	641	--	641	18	--	641
430	Interest on debt to associate companies	--	--	--	--	--	--
431	Other interest expense	--	--	--	--	--	--
421	Miscellaneous income and loss	(230)	--	(230)	--	--	(230)
	Subtotal	\$180,845	\$101,040	\$281,885	\$5,171	\$--	\$281,885
	Compensation for use of capital	9,015	--	9,015	418	--	9,015
	Total	\$189,860	\$101,040	\$290,900	\$5,589	\$--	\$290,900

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function		
		Total Amount	Overhead	Executive Mgmt
920	Salaries and wages	\$ 90,207	\$ (626)	\$3,18
921	Office supplies and expenses	15,869	(619)	62
922	Administrative expenses transferred - credit	3,363	(2,483)	-
923	Outside services employed	80,002	11,170	40
924	Property insurance	16	--	-
925	Injuries and damages	7,894	64	-
926	Employee pensions and benefits	44,141	43,740	-
928	Regulatory commission expenses	--	--	-
930.1	General advertising expenses	2,482	--	-
930.2	Miscellaneous general expenses	4,584	1,296	-
931	Rents	15,894	303	27
932	Maintenance of structures and equipment	35	--	-
935	Maintenance of general plant	--	--	-
403	Depreciation and amortization expense	12,703	71	-
408	Other taxes-non-inc	7,899	7,748	-
409	Income taxes	(4,284)	(4,284)	-
410	Provision for deferred income taxes	7,138	7,138	-
411	Provision for deferred income taxes - credit	--	--	-
411.5	Investment tax credit	--	--	-
426.1	Donations	1,056	--	59
426.5	Other deductions	469	--	-
427	Interest on long-term debt	659	--	-
430	Interest on debt to associate companies	1,719	1,719	-
431	Other interest expense	--	--	-
	Total	\$291,859	\$65,237	\$5,08

Page 27 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function		
		Aviation	Communications	Legal

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

920	Salaries and wages	\$ 218	\$1,424	\$ 5,981
921	Office supplies and expenses	(5,808)	1,263	788
922	Administrative expenses transferred - credit	5,846	--	--
923	Outside services employed	147	838	29,213
924	Property insurance	--	--	(1)
925	Injuries and damages	35	--	32
926	Employee pensions and benefits	--	--	--
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	--	2,394	--
930.2	Miscellaneous general expenses	--	40	1,112
931	Rents	11	421	591
932	Maintenance of structures and equipment	--	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	30	42
408	Other taxes-non-inc	19	--	--
409	Income taxes	--	--	--
410	Provision for deferred income taxes	--	--	--
411	Provision for deferred income taxes - credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	--	121	21
426.5	Other deductions	--	--	--
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	--	--	--
431	Other interest expense	--	--	--
		-----	-----	-----
	Total	\$ 468	\$6,531	\$37,715
		=====	=====	=====

Page 28 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII--SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function		
		Government Affairs	Regulatory	Inform
920	Salaries and wages	\$1,182	\$ 3,677	
921	Office supplies and expenses	33	574	
922	Administrative expenses transferred	--	--	
923	Outside services employed	553	9,810	
924	Property insurance	--	--	
925	Injuries and damages	--	--	
926	Employee pensions and benefits	--	--	
928	Regulatory commission expenses	--	--	
930.1	General advertising expenses	--	9	
930.2	Miscellaneous general expenses	51	514	
931	Rents	--	737	

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

932	Maintenance of structures and equipment	--	--
935	Maintenance of general plant	--	--
403	Depreciation and amortization expense	--	--
408	Other taxes-non-inc	--	--
409	Income taxes	--	--
410	Provision for deferred income taxes	--	--
411	Provision for deferred income taxes - credit	--	--
411.5	Investment tax credit	--	--
426.1	Donations	131	8
426.5	Other deductions	438	31
427	Interest on long-term debt	--	--
430	Interest on debt to associate companies	--	--
431	Other interest expense	--	--
		-----	-----
	Total	\$2,388	\$15,360
		=====	=====

Page 29 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function		
		Human Resources	Payroll	Audit
920	Salaries and wages	\$ 9,211	\$713	\$1,169
921	Office supplies and expenses	658	30	183
922	Administrative expenses transferred - credit	--	--	--
923	Outside services employed	1,364	8	--
924	Property insurance	--	--	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	304	(7)	4
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	20	--	--
930.2	Miscellaneous general expenses	--	--	--
931	Rents	1,954	1	--
932	Maintenance of structures and equipment	8	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	63	--	--
408	Other taxes-non-inc	8	(59)	--
409	Income taxes	--	--	--
410	Provision for deferred income taxes	--	--	--
411	Provision for deferred income taxes - credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	119	--	--
426.5	Other deductions	--	--	--
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	--	--	--

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

431	Other interest expense	--	--	--
		-----	-----	-----
	Total	\$13,709	\$686	\$1,356
		=====	=====	=====

Page 30 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function	
		Financial Accounting & Reporting	Property Accounting
920	Salaries and wages	\$3,688	\$2,038
921	Office supplies and expenses	151	44
922	Administrative expenses transferred - credit	--	--
923	Outside services employed	178	45
924	Property insurance	--	--
925	Injuries and damages	--	--
926	Employee pensions and benefits	5	10
928	Regulatory commission expenses	--	--
930.1	General advertising expenses	--	--
930.2	Miscellaneous general expenses	--	--
931	Rents	5	1
932	Maintenance of structures and equipment	--	--
935	Maintenance of general plant	--	--
403	Depreciation and amortization expense	362	--
408	Other taxes-non-inc	--	5
409	Income taxes	--	--
410	Provision for deferred income taxes	--	--
411	Provision for deferred income taxes - credit	--	--
411.5	Investment tax credit	--	--
426.1	Donations	--	--
426.5	Other deductions	--	--
427	Interest on long-term debt	--	--
430	Interest on debt to associate companies	--	--
431	Other interest expense	--	--
		-----	-----
	Total	\$4,389	\$2,143
		=====	=====

Page 31 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Department or Service Function		
		Tax	Investor Relations	Strategic
920	Salaries and wages	\$1,998	\$ 394	\$2,7
921	Office supplies and expenses	305	--	1
922	Administrative expenses transferred - credit	--	--	
923	Outside services employed	743	37	2
924	Property insurance	--	--	
925	Injuries and damages	--	--	
926	Employee pensions and benefits	--	--	
928	Regulatory commission expenses	--	--	
930.1	General advertising expenses	--	--	
930.2	Miscellaneous general expenses	1	602	
931	Rents	--	--	
932	Maintenance of structures and equipment	--	1	
935	Maintenance of general plant	--	--	
403	Depreciation and amortization expense	1	--	
408	Other taxes-non-inc	6	--	
409	Income taxes	--	--	
410	Provision for deferred income taxes	--	--	
411	Provision for deferred income taxes - credit	--	--	
411.5	Investment tax credit	--	--	
426.1	Donations	1	--	
426.5	Other deductions	--	--	
427	Interest on long-term debt	--	--	
430	Interest on debt to associate companies	--	--	
431	Other interest expense	--	--	
	Total	\$3,055	\$1,034	\$3,2

Page 32 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Department or Service Function

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Account	Description of Items	Finance & Treasury	Office Support Services	Purchasing
920	Salaries and wages	\$ 7,407	\$1,872	\$2,895
921	Office supplies and expenses	2,145	75	133
922	Administrative expenses transferred - credit	--	--	--
923	Outside services employed	7,288	429	(52)
924	Property insurance	30	--	--
925	Injuries and damages	7,827	--	--
926	Employee pensions and benefits	3	--	--
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	--	1	58
930.2	Miscellaneous general expenses	941	--	17
931	Rents	3,019	52	--
932	Maintenance of structures and equipment	10	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	49	--	--
408	Other taxes-non-inc	--	--	1
409	Income taxes	--	--	--
410	Provision for deferred income taxes	--	--	--
411	Provision for deferred income taxes - credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	30	--	31
426.5	Other deductions	--	--	--
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	--	--	--
431	Other interest expense	--	--	--
	Total	\$28,749	\$2,429	\$3,083

Page 33 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

Account	Description of Items	Remittance	Shared Services	Facility & Corporate
920	Salaries and wages	\$1,652	\$1,275	\$3
921	Office supplies and expenses	55	(148)	
922	Administrative expenses transferred - credit	--	--	
923	Outside services employed	434	388	
924	Property insurance	--	--	
925	Injuries and damages	--	--	

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

926	Employee pensions and benefits	32	6	
928	Regulatory commission expenses	--	--	
930.1	General advertising expenses	--	--	
930.2	Miscellaneous general expenses	--	--	
931	Rents	328	2,327	
932	Maintenance of structures and equipment	--	--	
935	Maintenance of general plant	--	--	
403	Depreciation and amortization expense	--	964	
408	Other taxes-non-inc	10	--	
409	Income taxes	--	--	
410	Provision for deferred income taxes	--	--	
411	Provision for deferred income taxes - credit	--	--	
411.5	Investment tax credit	--	--	
426.1	Donations	--	--	
426.5	Other deductions	--	--	
427	Interest on long-term debt	--	--	
430	Interest on debt to associate companies	--	--	
431	Other interest expense	--	--	
		-----	-----	-----
	Total	\$2,511	\$4,812	\$3
		=====	=====	=====

Page 34 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

DEPARTMENTAL ANALYSIS OF SALARIES-ACCOUNT 920  
(thousands of dollars)

Name of Department or Service Function	Total Amount	Parent Company	Other Associates	Nonas
-----	-----	-----	-----	-----
Executive Management	\$ 3,182	\$ 668	\$ 2,514	\$
Aviation	218	204	14	
Communications	1,424	107	1,314	
Legal	5,981	138	5,842	
Information Technology	30,432	--	29,619	
Government Affairs	1,182	--	1,182	
Regulatory	3,677	--	3,677	
Facilities Management	3,063	6	3,036	
Office Support Services	1,872	4	1,091	
Purchasing & Logistics	2,895	6	2,889	
Remittance Processing	1,652	3	757	
General Shared Services	1,275	3	1,220	
Payroll	713	3	710	
Human Resources	9,211	37	9,146	
Audit	1,169	42	1,127	
Strategic Planning	2,798	101	2,697	
Investor Relations	394	14	380	
Financial Accounting & Reporting	3,688	133	3,555	
Property Accounting	2,038	73	1,965	
Revenue Accounting	4,564	164	4,400	
Tax	1,998	72	1,926	
Finance & Treasury	7,407	267	7,111	



Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Overhead	(626)	(626)	--
	-----	-----	-----
Total	\$90,207	\$1,419	\$86,172
	=====	=====	=====

Page 35 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A=Associate NA = NonAssociate	AMOUNT
-----	-----	-----	-----
Akin Gump Strauss Hauer	Legal Services	NA	\$ 241
Andrews & Kurth LLP	Legal Services	NA	87
Arcadis G&M, Inc	Legal Services	NA	40
Ashbycrinion LLP	Legal Services	NA	116
Baker Botts LLP	Legal Services	NA	16,429
Barnes & Turner	Legal Services	NA	75
Beckham & Tillman	Legal Services	NA	49
Blanchard, Walker, O'Quin & Roberts	Legal Services	NA	548
Booth Ahrens & Werkethin, P.C.	Legal Services	NA	82
Bowne Of Dallas	Legal Services	NA	231
Bracewell & Patterson, L.L.P.	Legal Services	NA	660
Brunini, Grantham, Grower & Hewes	Legal Services	NA	196
Burgess, Burgess, Burgess	Legal Services	NA	104
Calvert & Associates	Legal Services	NA	38
Cannon & Simmons	Legal Services	NA	26
Clark Thomas & Winters PC	Legal Services	NA	740
Continental Court Reporters	Legal Services	NA	33
Crain, Caton & James	Legal Services	NA	228
Cross Gunter Witherspoon & Galchus	Legal Services	NA	99
Day Berry & Howard LLP	Legal Services	NA	62
Dewey Ballentine	Legal Services	NA	300
Dispute Resolution Management Inc	Legal Services	NA	62
Edwards & George LLP	Legal Services	NA	179
Fulbright & Jaworski, LLP	Legal Services	NA	190
Gibbs & Bruns L.L.P.	Legal Services	NA	39
Graves, Dougherty, Hearon & Moody	Legal Services	NA	2,110
Hall Estill Hardwick Gable Golden	Legal Services	NA	202
Haynes And Boone, LLP	Legal Services	NA	70
Holland & Hart LLP	Legal Services	NA	113
Hunton & Williams LLP	Legal Services	NA	57
Jack R. Newman	Legal Services	NA	25
Jackson, Sjoberg, McCarthy	Legal Services	NA	495
Jones Day	Legal Services	NA	1,715

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Landry, Watkins, Repaske & Breaux	Legal Services	NA	30
Lemle & Kelleher, L.L.P.	Legal Services	NA	564
Lloyd, Gosselink, Blevins, Rochelle	Legal Services	NA	59

Page 36 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A=Associate NA = NonAssociate	AMOUNT
-----	-----	-----	-----
Locke Liddell & Sapp LLP	Legal Services	NA	131
Mactec Engineering	Legal Services	NA	32
Mills, Shirley, Eckel & Bassett	Legal Services	NA	50
Morgan, Lewis & Bockius, LLP	Legal Services	NA	52
Ogletree Deakins Nash Smoak	Legal Services	NA	33
Oppel, Goldberg, & Saenz PLLC	Legal Services	NA	108
Pendulum Energy	Legal Services	NA	97
Phelps Dunbar LLP	Legal Services	NA	92
Platt, Sparks & Associates	Legal Services	NA	195
Porter & Hedges LLP	Legal Services	NA	481
Public Strategies Inc	Legal Services	NA	139
Robert A Webb	Legal Services	NA	290
Royston Rayzor Vickery	Legal Services	NA	27
RR Donnelley Receivables, Inc	Legal Services	NA	89
Russell R Johnson III	Legal Services	NA	43
Schiff Hardin LLP	Legal Services	NA	33
Southern International Inc	Legal Services	NA	74
The Beatty Law Firm PC	Legal Services	NA	121
Thelen, Reid & Priest LLP	Legal Services	NA	139
Yetter & Warden	Legal Services	NA	259
Various (87)	Legal Services	NA	485
			-----
		Subtotal:	\$29,264
			=====
8760 Inc	Hardware/Software Maintenance	NA	\$ 27
8E6 Technologies	Hardware/Software Maintenance	NA	87
Accudata Systems Inc	Hardware/Software Maintenance	NA	190
Anacomp MultiProdux Division	Hardware/Software Maintenance	NA	48
Aspect Communications Inc.	Hardware/Software Maintenance	NA	126
Bentley Systems, Inc.	Hardware/Software Maintenance	NA	70
Business Objects	Hardware/Software Maintenance	NA	64
Candle Corporation	Hardware/Software Maintenance	NA	114
Commerce One	Hardware/Software Maintenance	NA	41

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Computer Associates International	Hardware/Software Maintenance	NA	70
Compuware Corporation	Hardware/Software Maintenance	NA	70
D&T CorpTax	Hardware/Software Maintenance	NA	46
DBA Software	Hardware/Software Maintenance	NA	25
Diversified Software Systems	Hardware/Software Maintenance	NA	44
Embarcadero Technologies Inc	Hardware/Software Maintenance	NA	34
Filenet Corporation	Hardware/Software Maintenance	NA	83

Page 37 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A=Associate NA = NonAssociate	AMOUNT
-----	-----	-----	-----
Fujitsu Network Communications	Hardware/Software Maintenance	NA	163
Future Com Corporation	Hardware/Software Maintenance	NA	76
Hewlett-Packard Company	Hardware/Software Maintenance	NA	29
IBM Corporation	Hardware/Software Maintenance	NA	5,922
Informatica Corp	Hardware/Software Maintenance	NA	50
Isogon Corporation	Hardware/Software Maintenance	NA	26
Itron Inc	Hardware/Software Maintenance	NA	37
Levi Ray & Shoup Inc	Hardware/Software Maintenance	NA	45
Lodestar Corporation	Hardware/Software Maintenance	NA	629
Maverick IT	Hardware/Software Maintenance	NA	292
Mercury Interactive Corporation	Hardware/Software Maintenance	NA	67
Microsoft Licensing, GP	Hardware/Software Maintenance	NA	135
Mitem Corporation	Hardware/Software Maintenance	NA	51
Mitrastech Holdings Inc	Hardware/Software Maintenance	NA	32
Mobile Data Solutions Inc	Hardware/Software Maintenance	NA	459
Napersoft Inc	Hardware/Software Maintenance	NA	56
Native Networks	Hardware/Software Maintenance	NA	76
Netegrity Inc	Hardware/Software Maintenance	NA	25
Oce' Printing Systems USA, Inc	Hardware/Software Maintenance	NA	156
Optura Inc	Hardware/Software Maintenance	NA	213
Oracle Corporation	Hardware/Software Maintenance	NA	342
Peregrine Systems, Inc	Hardware/Software Maintenance	NA	132
Pitney Bowes - Docsense	Hardware/Software Maintenance	NA	39
Powertax	Hardware/Software Maintenance	NA	38
SAP America Inc	Hardware/Software Maintenance	NA	1,350
SAS Institute Inc	Hardware/Software Maintenance	NA	131
See Beyond	Hardware/Software Maintenance	NA	251
Software House International	Hardware/Software Maintenance	NA	267
Spirent Communications	Hardware/Software Maintenance	NA	38
SPL Worldgroup Inc	Hardware/Software Maintenance	NA	252

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Sun Microsystems Inc	Hardware/Software Maintenance	NA	140
Sungard Energy Systems Inc	Hardware/Software Maintenance	NA	597
Velosant LP	Hardware/Software Maintenance	NA	26
VYSYS Inc	Hardware/Software Maintenance	NA	55
Various (64)	Hardware/Software Maintenance	NA	349
		Subtotal:	\$13,685

Page 38 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP
-----	-----	-----
		A=Associate NA = NonAssociate
A-Rocket Moving & Storage Inc	Consulting/Outside Services	NA
Accenture LLP	Consulting/Outside Services	NA
ADP Investor Communication Services	Consulting/Outside Services	NA
Alliance Strategy Business	Consulting/Outside Services	NA
Art Of Facts	Consulting/Outside Services	NA
Automatic Data Processing Inc	Consulting/Outside Services	NA
Barrington-Wellesley Group Inc	Consulting/Outside Services	NA
Beckham & Tillman Communications	Consulting/Outside Services	NA
Bell & Howell Mail And Messaging	Consulting/Outside Services	NA
Brinks Inc	Consulting/Outside Services	NA
Bruner & Associates	Consulting/Outside Services	NA
Business Consulting Group Of Alvarez & Marsal	Consulting/Outside Services	NA
C M White & Company LLC	Consulting/Outside Services	NA
C.W. Henderson Electric, Inc.	Consulting/Outside Services	NA
Cambridge Energy Research	Consulting/Outside Services	NA
Career Management International	Consulting/Outside Services	NA
Carter & Burgess, Inc.	Consulting/Outside Services	NA
Charles Rivers & Associates	Consulting/Outside Services	NA
Chas P. Young Co	Consulting/Outside Services	NA
Citigroup	Consulting/Outside Services	NA
Commercial Audio Video Inc	Consulting/Outside Services	NA
Commercial Furniture Service	Consulting/Outside Services	NA
Computer Financial Consultants	Consulting/Outside Services	NA
Confluent Consulting	Consulting/Outside Services	NA
Continuous & Specialty Product	Consulting/Outside Services	NA
Corporate Express	Consulting/Outside Services	NA
Coyle Kelly	Consulting/Outside Services	NA
Csar Inc	Consulting/Outside Services	NA
CSC Financial Services Group	Consulting/Outside Services	NA

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

CT Corporation	Consulting/Outside Services	NA
Deloitte & Touche	Consulting/Outside Services	NA
Disaster Recovery Services, Inc	Consulting/Outside Services	NA
Don McFarlin	Consulting/Outside Services	NA
Employers Unity, Inc	Consulting/Outside Services	NA
Energy Advisory Group Inc	Consulting/Outside Services	NA
Ernst & Young LLP	Consulting/Outside Services	NA
Financo Inc	Consulting/Outside Services	NA
Frontier Associates LLC	Consulting/Outside Services	NA
Garrison Solutions Inc	Consulting/Outside Services	NA
Gartner Group	Consulting/Outside Services	NA
Geosolutions LLC	Consulting/Outside Services	NA
Gerald W. Tucker	Consulting/Outside Services	NA

Page 39 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED -----	SERVICES PROVIDED -----	RELATIONSHIP	AMOUNT -----
		A=Associate NA = NonAssociate	
Graves, Dougherty, Hearon & Moody	Consulting/Outside Services	NA	611
Grover Printing	Consulting/Outside Services	NA	73
H Shoup & Associates Inc	Consulting/Outside Services	NA	42
Harper And Pearson Company	Consulting/Outside Services	NA	321
Hay Group, Inc	Consulting/Outside Services	NA	25
Hewitt Associates LLC	Consulting/Outside Services	NA	719
Honeywell	Consulting/Outside Services	NA	53
Huron Consulting Group LLC	Consulting/Outside Services	NA	42
IBM Corporation	Consulting/Outside Services	NA	640
Insight Management Partners Inc	Consulting/Outside Services	NA	57
Interaction Associates	Consulting/Outside Services	NA	61
Iron Mountain	Consulting/Outside Services	NA	195
IT Solutions Inc	Consulting/Outside Services	NA	53
J & B Software Systems Inc	Consulting/Outside Services	NA	55
J.E. "Buster" Brown	Consulting/Outside Services	NA	84
Jack Roberts	Consulting/Outside Services	NA	69
Jackson And Company	Consulting/Outside Services	NA	27
John T. Jakubik & Associates	Consulting/Outside Services	NA	141
JP Morgan Chase Bank	Consulting/Outside Services	NA	6,071
Ka-Tex Constructors, Inc	Consulting/Outside Services	NA	132
Kennedy Reporting Service Inc	Consulting/Outside Services	NA	44
Kenneth C. Kern & Associates	Consulting/Outside Services	NA	80
Kenneth E Jones	Consulting/Outside Services	NA	27
Lloyd, Gosselink, Blevins, Rochelle	Consulting/Outside Services	NA	270

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Love Envelopes Inc	Consulting/Outside Services	NA	57
Magee & Magee LLP	Consulting/Outside Services	NA	249
Mail-Gard	Consulting/Outside Services	NA	34
Marriott International	Consulting/Outside Services	NA	40
MBIA Insurance Corp	Consulting/Outside Services	NA	68
Mellon Investor Services LLC	Consulting/Outside Services	NA	32
Mercer Human Resource Consulting	Consulting/Outside Services	NA	58
Michael D. Thompson	Consulting/Outside Services	NA	32
Mignon McGarry	Consulting/Outside Services	NA	73
Million Air-Houston	Consulting/Outside Services	NA	38
Opex Corporation	Consulting/Outside Services	NA	38
Origin Design	Consulting/Outside Services	NA	174
PA Consulting Services Inc	Consulting/Outside Services	NA	115
PC Helps	Consulting/Outside Services	NA	99
Pearl Meyer & Partners	Consulting/Outside Services	NA	96
Pioneer Contract Services Inc	Consulting/Outside Services	NA	56
Pitney Bowes	Consulting/Outside Services	NA	154

Page 40 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OUTSIDE SERVICES EMPLOYED-ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A=Associate NA = NonAssociate	AMOUNT
-----	-----	-----	-----
PM Realty Group LP	Consulting/Outside Services	NA	134
Preng & Associates	Consulting/Outside Services	NA	155
Pricewaterhouse Cooper LLP	Consulting/Outside Services	NA	141
Printing Arts Of Houston	Consulting/Outside Services	NA	64
PSI Group	Consulting/Outside Services	NA	96
Public Strategies Inc.	Consulting/Outside Services	NA	192
Rag Printing Inc.	Consulting/Outside Services	NA	87
Reliant Energy, Inc.	Consulting/Outside Services	NA	238
Resumix, Inc.	Consulting/Outside Services	NA	26
RHR International Company	Consulting/Outside Services	NA	60
S J Bashen Inc	Consulting/Outside Services	NA	42
SAP America Inc	Consulting/Outside Services	NA	446
Sargent & Lundy LLC	Consulting/Outside Services	NA	42
Skillsoft	Consulting/Outside Services	NA	132
Stacey Hopwood Manela	Consulting/Outside Services	NA	35
Standard & Poor's	Consulting/Outside Services	NA	55
Sungard CCS	Consulting/Outside Services	NA	255
Sungard Recovery Services LP	Consulting/Outside Services	NA	571
Survcon Inc.	Consulting/Outside Services	NA	121
Synapse Energy Economics Inc	Consulting/Outside Services	NA	92

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

TCS Consultants Inc	Consulting/Outside Services	NA	45
Tech Systems Inc	Consulting/Outside Services	NA	193
Texasadmin.com	Consulting/Outside Services	NA	43
The Bank Of New York	Consulting/Outside Services	NA	39
The Brattle Group	Consulting/Outside Services	NA	508
The Depository Trust Co	Consulting/Outside Services	NA	48
The Hudson Forum, Inc.	Consulting/Outside Services	NA	217
The Ofis By Powell	Consulting/Outside Services	NA	43
The Sibley Group	Consulting/Outside Services	NA	121
Thomson Financial Corporate	Consulting/Outside Services	NA	32
Tucker & Tucker Consultants Inc	Consulting/Outside Services	NA	44
Unisource	Consulting/Outside Services	NA	150
Unisys Corporation	Consulting/Outside Services	NA	248
Veterans Print Management	Consulting/Outside Services	NA	76
Walker F Nolan	Consulting/Outside Services	NA	50
Westex Security Services	Consulting/Outside Services	NA	187
Willamette Management Associates	Consulting/Outside Services	NA	33
Xerox Corporation	Consulting/Outside Services	NA	38
Various (490)	Consulting/Outside Services	NA	705
			-----
		Subtotal:	\$37,053
			=====
			-----
		Total:	\$80,002
			=====

Page 41 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

EMPLOYEE PENSION AND BENEFITS--ACCOUNT 926  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

DESCRIPTION	AMOUNT
-----	-----
Pension	\$15,810
Medical	7,006
Deferred Compensation	6,585
Savings	5,549
Long-term Incentive Compensation	4,679
Post Retirement Benefits	4,194
Post Employment Benefits	194
Other	124
	-----
Total	\$44,141
	=====

Page 42 of 52

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

GENERAL ADVERTISING EXPENSE-ACCOUNT 930.1  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION -----	NAME OF PAYEE -----	AMOUNT -----
Advertising	Fogarty Klein Monroe	\$1,761
Advertising	KHOU-TV	150
Advertising	Chas P. Young Co	108
Advertising	Printing Arts of Houston	98
Advertising	Radio One of Texas, LP	67
Advertising	Make Believe	52
Advertising	Network Interstate LLC	44
Advertising	Rag Printing Inc.	39
Advertising	HotJobs.com	17
Advertising	Corporate Express	14
Advertising	Houston Photo Imaging	13
Advertising	Lopez Negrete	12
Advertising	Houston Defender Newspaper	10
Advertising	Lindsey Advertising	9
Advertising	Houston Apartment Association	9
Advertising	African American News	8
Advertising	Greater Houston Restaurant	8
Advertising	Houston Chronicle	7
Advertising	National Yellow Pages Direct	6
Advertising	Moore Syndication Inc	5
Advertising	CNA Advertising	4
Advertising	Houston Sign Company Inc	4
Advertising	Freeman	3
Advertising	Paramont Printing	3
Advertising	Various (41)	31
		-----
	Total	\$2,482
		=====

Page 43 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

MISCELLANEOUS GENERAL EXPENSES--ACCOUNT 930.2  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Payments and expenses permitted by Section 321 (b) (2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441



Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

(b) (2) shall be separately classified.

DESCRIPTION -----	AMOUNT -----
Directors Fees & Expenses	\$2,361
Shareholder Related Expenses	1,580
Membership Dues	625
Filing Fees	18
	-----
Total	\$4,584
	=====

RENTS--ACCOUNT 931  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 931, "Rents", classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

DESCRIPTION -----	AMOUNT -----
Rent - Office Space	\$16,088
Rent - Equipment	165
Rent - PCs	96
Rent - Other	(455)
	-----
Total	\$15,894
	=====

Page 44 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

TAXES OTHER THAN INCOME TAXES--ACCOUNT 408  
(thousands of dollars)

INSTRUCTIONS: Provide an analysis of Account 408 "Taxes Other Than Income Taxes". Separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

Taxes Other Than Income Taxes - Account 408

Kind of Tax -----	Amount -----
Taxes Other Than U.S Government Taxes:	
Sales and Use Tax	\$ 161
Miscellaneous - Severance Taxes	(71)

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Property Taxes	828
State Franchise Taxes	718
	-----
Total	\$1,636
	=====
U.S. Government Taxes:	
Unemployment Taxes	\$ 407
Social Security Taxes	5,856
	-----
Total	\$6,263
	=====
Total	\$7,899
	=====

Page 45 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

DONATIONS--ACCOUNT 426.1

(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
-----	-----	-----
United Way of the Texas Gulf Coast	Contribution - United Way	\$ 470
International Sports Properties Inc.	Contribution - Community	40
Wings Over Houston	Contribution - Community	25
Casa de Esperanza	Contribution - Community	20
Laredo Hockey Holdings LP	Contribution - Community	20
Houston Hispanic Chamber of Commerce	Contribution - Community	15
Central Houston, Inc.	Contribution - Community	15
Inroads Inc.	Contribution - Community	12
Ronald McDonald House	Contribution - Community	10
Community Partners	Contribution - Community	10
Texas Public Policy Foundation	Contribution - Community	10
Texas Association of MBE's	Contribution - Community	8
The Empowerment Project - Houston	Contribution - Community	6
Texas Association Against Sexual Abuse	Contribution - Community	5
State Government Leadership	Contribution - Community	5
AWTY International	Contribution - Community	5
Executive Service Co.	Contribution - Community	5
Senate Hispanic Research Council	Contribution - Community	5
Greater Houston Partnership	Contribution - Community	5
Citizens To Keep Houston Strong	Contribution - Community	5
Inroads/Houston, Inc	Contribution - Community	5
Houston Grand Opera	Contribution - Community	5
The Barbara Bush Foundation	Contribution - Community	5
Center for Legislative Energy	Contribution - Community	5
Texas Public Policy Foundation	Contribution - Community	5
Envirostudy Int'l Inc.	Contribution - Community	5
The Wings Program	Contribution - Community	4
FWCP Inc.	Contribution - Community	3

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Catholic Charities	Contribution - Community	3
JINSA	Contribution - Community	3
Goodwill Industries of Houston	Contribution - Community	3
Texas Association of Appraisal	Contribution - Community	1
Kelly School of Business	Contribution - Education	15
McCombs School of Business	Contribution - Education	12
Communities In Schools	Contribution - Education	10
Jesse H Jones School	Contribution - Education	5
University of Houston Downtown	Contribution - Education	4
Indiana University Foundation	Contribution - Education	3
University of Houston - Law	Contribution - Education	3
The Cancer League, Inc.	Contribution - Health	5
Prevent Blindness Texas	Contribution - Health	5
Collaborative for Children	Contribution - Youth Development	20
Junior Achievement	Contribution - Youth Development	26
Caring for Children	Contribution - Youth Development	3
Other		203
		-----
		\$1,056
		=====

Page 46 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

OTHER DEDUCTIONS--ACCOUNT 426.5  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount include in Account 426.5, "Other Deductions", classifying such expenses according to their nature.

Descriptions	Name of Payee	Amount
-----	-----	-----
State Relations	Various	\$437
Local Relations	Various	32
		----
Total		\$469
		=====

Page 47 of 52

ANNUAL REPORT OF XCEL ENERGY SERVICES, INC.

For the Year Ended December 31, 2004

SCHEDULE XVIII--NOTES TO STATEMENT OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the statement of income or any account thereof. Furnish particulars as to any significant increases and services rendered or expenses incurred during the year. Notes related to financial statements shown elsewhere in this report may be indicated here by reference.

## Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

Also see Notes to Financial Statements on pages 17-22 for additional Notes to Statement of Income.

Page 48 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

### ORGANIZATION CHART (SUMMARY LEVEL)

Organization Chart	Service Function
President & Chief Executive Officer	Executive Management Services
Aviation	Aviation
Sr VP-Process Improvement	Process Optimization
Sr VP & Gas Group President	Executive Management Services - Gas Companies
VP - Information Technology	Information Technology
Chief Financial Officer	Executive Management Services - Financial
Vice President - Audit	Audit Services
VP - Strategic Planning	Strategic Planning, Benchmarking, Financial Planning
	Bus Development
Investor Relations	Investor Relations
Chief Risk Officer	Risk Control, Commercial Credit, Contract Administration
	Treasury
Vice President & Treasurer	Treasury & Cash Management
Treasury	Investor Services
Investor Services	Risk Management, Insurance
Risk Management	Finance & Accounting
Sr VP & Chief Acctg Officer	Financial Acctg & Reporting, Property Acctg, Revenue
Vice President & Controller	Acctg
	Local, State, Federal, Property Tax
Vice President - Tax	Financial Accounting Systems & Processes
Accounting Systems	Business Services
Business Services	Executive Management Services - Shared Svcs & Human
Sr VP - Shared Svcs & Human Resources	Resources
	Human Resources
Human Resources	Compensation & Benefits
Compensation & Benefits	Payroll
Payroll	Exec Mgmt Services - Purch, Facility Mgmt, Corp S
Vice President - Shared Svcs	Office Sup
	Purchasing & Logistics
Purchasing & Logistics	Accounts Payable
Accounts Payable	Real Estate & Facility Management
Facility Management	Corporate Security
Corporate Security	Remittance, Disbursements, Graphics, Mail, Record
Office Support Services	Retention
	Executive Mgmt Services - Legal, Regulatory, Gov't Affairs, Comm
Exec VP - General Counsel & Corp Secretary	Legal, Claims
	Corp Ethics & Compliance, Employment Litigation
VP & Deputy General Counsel	State & Local Relations
VP - Corporate Compliance	Regulatory Policy & Relations
VP - Government Relations	Communications
VP - Regulatory	
VP - Corporate Communications	

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

METHODS OF ALLOCATION

Operating Expense Ratio - based on operating expense minus fuel and purchased power. This ratio will be determined annually based on annual plan operating expense and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual operating expense.

Asset Ratio - based on the total assets minus investments in subsidiaries and goodwill. This ratio will be determined annually based on annual plan assets and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on twelve month average of actual assets.

Cash Flow Ratio - based on operating expense including fuel, purchase power and capital expenditures, less depreciation expense. This ratio will be determined annually based on annual plan cash flow and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual cash flow.

Head Count Ratio w/ retirees - based on active and retiree headcount. This ratio will be determined annually based on annual plan head count and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual head count.

Head Count Ratio w/o retirees - based on active headcount. This ratio will be determined annually based on annual plan head count and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual head count.

Direct Labor Ratio - based on billable hours. This ratio will be determined annually or monthly based billable hours and may be used to allocate, for example, certain support services on the same basis as actual legal services are billed. This ratio will be determined annually based on annual plan billable hours and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual billable hours.

Client Unit Usage Ratio - based on the actual unit/usage that is utilized by the applicable Recipients. This factor will be determined annually based on units/usage utilized at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes and will be trued-up at the end of the fiscal year based on actual units/usage utilized.

Square Footage Ratio -based on actual square footage used by the applicable Recipients. This factor will be determined annually based on square footage utilized at the end of the previous fiscal year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes and will be trued-up at the end of the fiscal year based on actual square footage utilized.

Composite Ratio - The Service Company utilizes a three-factor allocation formula to allocate corporate governance costs among the business units. That factor utilizes assets (weighted at 40%), gross margin (weighted at 40%) and head count (weighted at 20%). CenterPoint's revenues shall be deemed to include any dividends received from subsidiary companies; CenterPoint's assets shall be deemed to include investments in subsidiary companies and persons who are corporate officers of CenterPoint shall be deemed to be employees of

Edgar Filing: CENTERPOINT ENERGY INC - Form U-13-60

CenterPoint. This ratio will be determined annually based on annual plan gross margin, employees, and assets, and will be adjusted for any known and reasonably quantifiable events and will be trued-up at the end of the fiscal year based on actual gross margin, employees and assets.

Page 50 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC  
ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

For the Period Ended December 31, 2004

The following annual statement was supplied to each associate company in support of the amount of compensation for use of capital billed during 2004:

In accordance with Instruction 01-12 of the Securities and Exchange Commission's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, CenterPoint Energy Service Company, LLC (CESC) submits the following information on the billing of interest on borrowed funds to associated companies for the year 2004:

- A. Amount of interest billed to associate companies is contained on page 24, Analysis of Billing.
- B. The Service Company interest rate is based on the weighted average pre-tax cost of capital. Service Company's assets are assigned to specific services. Interest is billed to the associate companies through a bundled service rate.

Page 51 of 52

ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC  
SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

CENTERPOINT ENERGY SERVICE COMPANY, LLC  
(Name of Reporting Company)

By: /s/ Walter L. Fitzgerald

-----  
(Signature of Signing Officer)

Walter L. Fitzgerald, Vice President  
and Controller  
(Printed Name and Title of Signing  
Officer)

Date: May 2, 2005

Page 52 of 52