

Public Utility Commission of Texas

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

News Release
Thursday, Jan. 12, 2012

Contact: Terry Hadley 512-936-7135

CenterPoint Energy electric customers save Securitization reduces financing costs

Electric customers in the CenterPoint Energy service area in and around Houston will save more than \$720 million in costs over the next 13 years as a result of the lowest securitized bond rates since retail electric competition began in Texas more than 10 years ago.

“Texas lawmakers have developed a valuable tool to help drive costs down in the Texas competitive electricity market,” said Public Utility Commission (PUC) Chairman Donna Nelson. “The securitization of Texas electric utility bonds continues to save customers money.”

This week’s pricing of \$1.695 billion of CenterPoint Energy securitization bonds resulted in very favorable interest rates averaging 2.50 percent. This is the lowest financing rate ever achieved of the 11 Texas electric utility securitizations to date. This is a substantial reduction from what would have been a 7.66 percent rate without securitization.

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

CenterPoint Energy is expected to close on these bonds next week. The transmission and distribution utility supplies electricity to more than 2.2 million customers in a 5,000-square-mile area in and around Houston.

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