

# Public Utility Commission of Texas

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**News Release**  
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## **Lower Costs for CenterPoint area Customers** **Securitization Reduces Transition to Competition Costs**

Electric customers in the CenterPoint Energy service area in and around Houston will save more than \$109 million in costs over the next 12 years as a result of the lowest securitized bond rates since retail electric competition began in Texas.

“Securitization will reduce electricity costs by millions of dollars in the CenterPoint service area,” said PUC Chairman Barry Smitherman. “These savings are possible through the efforts of Gov. Rick Perry and the leadership of the Texas Legislature in making necessary changes in the law to help electric customers.”

House Bill 624 approved by the 80<sup>th</sup> Texas legislature in 2007 extended securitization to competitive transition costs beyond limits imposed in the original 1999 Texas Electric restructuring law. The law allows securitization only if there is a benefit for customers.

This week’s pricing of approximately \$488 million in CenterPoint securitization bonds resulted in very favorable interest rates of 4.19 percent for \$300 million in five-year bonds and 5.23 percent for \$188 million in ten-year bonds. This is a substantial reduction from what would have been an 8.06 percent interest rate without securitization. CenterPoint is expected to close on these bonds in a few weeks.

Securitized debt provides funding at a lower cost than traditional utility funding because of the risk reduction that securitization gives to bondholders.

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