

Quick facts

- Revenue increase request: \$59.8 million annually or 3.9 percent
- Average residential customer increase request: \$5.50 a month
- An interim rate increase of about \$3 per month for residential customers effective January 2, 2009

Rate case schedule

November 3, 2008:

Rate case filed with Minnesota Public Utilities Commission (MPUC)

January 2, 2009:

Interim rates begin

During 2009:

Public hearings

Followed by:

Hearings before MPUC

Within a year from filing:

MPUC final decision expected

Final rates implemented



Company files for new rates; interim rates effective January 2009

On November 3, 2008, CenterPoint Energy filed with the Minnesota Public Utilities Commission (MPUC) to change its rates for utility distribution service. If approved, the proposed new rates will result in an overall revenue increase of \$59.8 million annually or 3.9 percent. The requested increase will add about \$5.50 to an average residential customer's monthly bill, and is necessary for the company to recover costs, which have increased substantially.

Rate filing basics

The MPUC is allowed 10 months to issue a final decision on our rate filing, which we expect to occur in fall of 2009. If approved, interim (temporary) rates will begin January 2, 2009. If the final rates are lower than interim rates, we will refund customers the difference with interest. If rates are higher than interim rates, customers will receive no additional charges for natural gas used while interim rates were in effect.

Interim rates begin January 2009

State law permits CenterPoint Energy to charge interim rates while the MPUC considers our filing for new rates. The increase is effective for service rendered on and after January 2, 2009.

Public hearings, which are opportunities for customers and others to comment on the rate filing, will be scheduled for early 2009. We will notify customers about the time and location of the hearings through a news release, bill insert and on our Web site. An administrative law judge will oversee the hearings, and other parties, such as the Office of the Attorney General and the Office of Energy Security will comment on our request.

Why the new rates are needed

Regulated utilities are authorized by state law to recover costs of operating a safe and reliable natural gas distribution system.

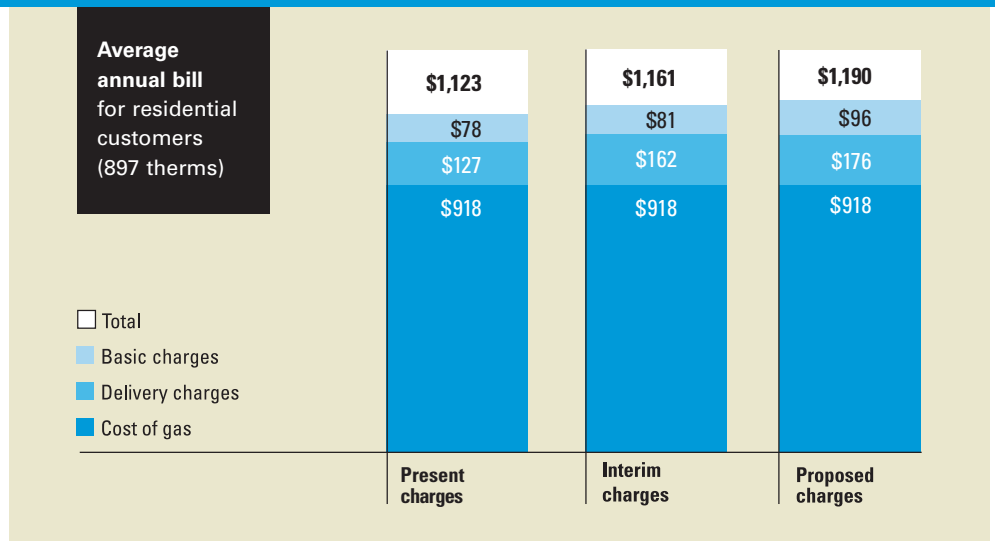
The rate filing is necessary to help the company recover distribution costs that have increased without revenues keeping pace due to:

- **Increased operating costs** including higher uncollectible customer account expenses and the related collection and customer service costs, along with inflationary increases on other expenses.
- **Increased expenses** related to conservation improvement programs.
- **Decreased average customer use** because of energy efficiency and building construction improvements.
- **Increased capital costs.**

How the new rates will affect monthly bills

The rate filing proposes to increase the Basic Charge for residential customers from \$6.50 to \$8 a month. The proposed Delivery Charge for residential customers would change from the current \$.14161 per therm (which includes \$.00482 for the Gas Affordability Service Program) to \$.19604 per therm. This will add about \$5.50 per month to the average Minnesota customer bill (see chart at right).

Budget Plan. Most customers will have their mid-year review in February 2009, when customer Budget Plan amounts could be adjusted up or down based on actual weather conditions and changes in wholesale gas costs. Interim rates also will affect this adjustment.



The chart above illustrates changes in residential customers' average annual bill under CenterPoint Energy's rate filing.

Changes proposed for residential monthly Basic Charge and Delivery Charge

Customers pay for natural gas distribution service in two ways. The first way is a monthly Basic Charge, which recovers a portion of fixed costs that do not change with the amount of natural gas used. The second way is the Delivery Charge, a per therm charge which recovers the costs not recovered in the Basic Charge. The total Delivery Charge amount changes each month with the amount of natural gas used.

Business customer Basic and Delivery Charges vary by customer group and are noted on the chart (see chart on next page).

This proposal for a rate change includes a proposed pilot rate adjustment mechanism in which the company's revenue is separated from changes in the volume of natural gas used by customers. If approved, on an annual basis, distribution margins (on a per-customer basis) would be "trued-up" to the distribution margins set in this rate case.

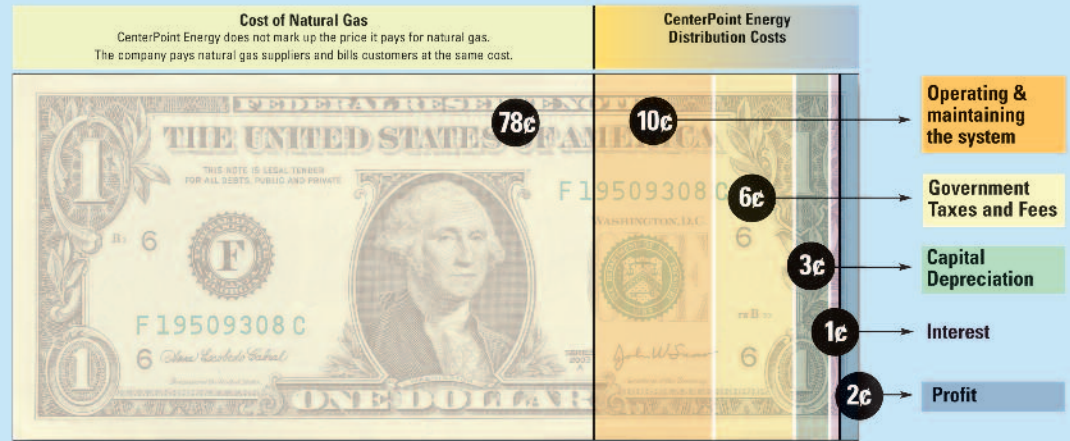
This chart shows the current and proposed average monthly natural gas usage and bill for each customer group.

Customer group (usage in therms)	CURRENT		PROPOSED
	Average monthly usage in therms	Average monthly bill: current rates	Average monthly bill: proposed
RESIDENTIAL	75	\$94	\$99
COMMERCIAL/INDUSTRIAL			
up to 1,500/year	66	\$85	\$90
1,500 to 5,000/year	221	\$271	\$279
5,000 or more/year	1,065	\$1,265	\$1,283
SMALL VOLUME DUAL FUEL SALES SERVICE			
up to 120,000/year	3,750	\$3,845	\$3,903
120,000 or more/year	16,250	\$16,419	\$16,648
LARGE VOLUME DUAL FUEL SALES SERVICE			
	69,000	\$64,580	\$64,680

Figures are rounded to the nearest whole number

Your gas dollar

CenterPoint Energy's proposed Basic and Delivery charges recover only the cost of utility distribution service – about 20 percent of the bill. The wholesale cost of gas – about 80 percent of the bill – is passed through to customers with no markup.



Natural gas remains your best energy value

Better for your budget

Despite the price swings in recent years, natural gas is your best value and costs less to use for space and water heating than any other energy source. In fact, natural gas is about half the cost of other fuels, including electricity, propane and No. 2 heating oil.

Beneficial to the environment

With natural gas, you are using a cleaner burning fuel that has less impact on the environment. In fact, natural gas leaves about half the carbon footprint when compared to electricity.

To learn more about the benefits of natural gas, visit CenterPointEnergy.com/gasisbetter and use our online Energy Costs and Emissions calculator to see how your budget and the environment can benefit from choosing natural gas.

This chart shows the current and proposed basic charge, and proposed delivery charge for each customer group.

Customer group (usage in therms)	CURRENT	PROPOSED	
	Monthly basic charge	Proposed monthly basic charge	Proposed delivery charge* per therm
RESIDENTIAL	\$6.50	\$8	\$.19604
COMMERCIAL/INDUSTRIAL			
up to 1,500/year	\$9.50	\$12	\$.17754
1,500 to 5,000/year	\$15	\$18	\$.16104
5,000 or more/year	\$35	\$43	\$.14404
SMALL VOLUME DUAL FUEL SALES SERVICE			
up to 120,000/year	\$50	\$60	\$.10523
120,000 or more/year	\$75	\$90	\$.09950
LARGE VOLUME DUAL FUEL SALES SERVICE			
	\$400	\$500	\$.04270

Figures are rounded to the nearest whole number

CenterPoint Energy helps provide best energy value

At CenterPoint Energy, we have the expertise and the experience to buy natural gas at the lowest reasonable prices in order to provide you with the best energy value:

- We have secured ample supplies and have acquired storage for the upcoming heating season.
- We work with about 20 of the largest suppliers in the United States and Canada and buy gas each month on a competitive bid basis.
- Our supply portfolio includes contracts with varying terms, conditions and lengths.

Learn more

Customers and others are given the opportunity to comment on our rate filing at a series of public hearings overseen by an administrative law judge. Other regulatory agencies that generally comment include the Office of the Attorney General and the Office of Energy Security. Public notice of the hearing dates and locations will be published in local newspapers in the company's service area, in a bill insert and on our Web site at CenterPointEnergy.com/ratecase.

Interested persons may visit the Minnesota Office of Energy Security to examine the filing at 85 Seventh Place East, Suite 500, St. Paul, MN 55101; call: 651-296-6913; TTY: 651-296-2860; or visit the Web site at www.edockets.state.mn.us. Enter filing #08-1075.

For more information

- Residential

612-372-4727

1-800-245-2377

- Business

Call your account manager or the
Business Customer Hotline

612-321-4939

1-877-809-3803

CenterPointEnergy.com/ratecase



Mixed Sources
Product group from well-managed
forests and recycled wood or fiber

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