

**TARIFF FOR
WHOLESALE TRANSMISSION SERVICE**

**CenterPoint Energy Houston Electric, LLC
1111 LOUISIANA
P. O. BOX 1700
HOUSTON, TEXAS 77251**

CenterPoint Energy Houston Electric, LLC
Applicable: ERCOT Region

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1.1 - DEFINITIONS

Unless defined within this Tariff, terms and acronyms used in this Tariff shall have the meanings and descriptions as defined in the Public Utility Commission of Texas Substantive Rule 25.5 and the Electric Reliability Council of Texas (“ERCOT”) Protocols. If there is a conflict between the Substantive Rule and the ERCOT Protocols, the definitions contained within the Substantive Rule will control.

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2.1 - PRELIMINARY STATEMENT

CenterPoint Energy Houston Electric, LLC (“Company”), which is CenterPoint Energy, Incorporated’s affiliated Transmission and Distribution Utility, is a transmission service provider in the ERCOT Region of Texas. Sections 25.191, 25.192, 25.195, 25.196, 25.198, 25.200, 25.202, and 25.203 of the Substantive Rules of the Public Utility Commission of Texas (“Commission” or “PUC”) address the provision of wholesale transmission service in the ERCOT Region of Texas. In accordance with those rules, this Tariff establishes the rates, terms and conditions, and policies for the provision of wholesale transmission service by CenterPoint Energy Houston Electric, LLC and its relationship with a Transmission Service Customer (“Customer”).

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**TERMS AND CONDITIONS FOR WHOLESALE TRANSMISSION SERVICE
APPLICABLE TO RATE SCHEDULE WTS**

1. Transmission service will be provided in accordance with the following: the Public Utility Regulatory Act (“PURA”), the Commission Substantive Rules, and the ERCOT Protocols (collectively “Applicable Legal Authorities”); the terms and conditions of this Tariff; any Interconnection Agreement; and rate schedule WTS. Any changes made by the Applicable Legal Authorities will automatically become effective.
2. The provisions of this Subsection shall apply only to the operation of Company and Customer within ERCOT. Company and Customer (collectively "Parties" or, each individually "Party") represent and warrant to each other that, except in compliance with the Orders of the Federal Energy Regulatory Commission (“FERC”) in FERC Docket No. EL 79-8 et seq. issued on October 28, 1981, and subsequent orders (collectively “the Orders”), they do not, either directly or through connections with other entities, transmit electric energy in interstate commerce or sell electric energy in interstate commerce or own or operate any such facilities. Each party agrees that it will not, except in compliance with the Orders, engage, directly or through other entities, in any such interstate activities or operate, establish, maintain, modify, or utilize, directly or through other entities, any connection or facility used or to be used for the sale or transmission of electric energy in interstate commerce without one year's prior written notice to the other party. The party desiring to commence interstate operation agrees to file an application with, and use its best efforts to obtain an order from FERC, applicable to the other party, under Sections 210, 211 and 212 of the Federal Power Act, requiring the establishment, maintenance, modification, or utilization of any such connection that may be involved; provided, however, that compliance with the Orders shall not require further notice to the parties or application to the FERC pursuant to this Subsection.

It is understood and agreed that the failure of the party electing to commence interstate operations to comply with any provision of this Subsection or the Orders shall entitle the other party to disconnect its facilities.

The parties agree that it will be impossible to measure in terms of money the damages which may or will accrue by reason of any breach of the representation and warranty set forth above, or any failure in the performance of any of the obligations contained in this Subsection. For that reason, among others, the parties agree that, in case of any such breach or failure, the non-breaching party will be irreparably damaged if this Subsection is not specifically enforced, and accordingly, the parties agree that the non-breaching party is entitled to specific performance of the provisions of this Subsection, in addition to any other remedies which may exist. If the non-breaching party should institute proceedings to enforce these provisions, the breaching party waives any claim or defense that inadequate remedy at law exists.

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Nothing contained in this Subsection shall preclude the utilization of connections for the transmission of electric energy in interstate commerce under bona fide emergencies pursuant to the provisions of Section 202(d) of the Federal Power Act.

3. Company or ERCOT may suspend, curtail, or redispatch transmission service pursuant to PUC Substantive Rule 25.200.
4. Customers are subject to credit requirements as set forth in PUC Substantive Rule 25.202(c).
5. Indemnification and liability between Company and Customer shall be in accordance with PUC Substantive Rule 25.202 (b).
6. New generating facilities shall be connected to the transmission system in accordance with the Standard Generation Interconnection Agreement, which may be modified by mutual agreement of the Parties, as specified in PUC Substantive Rule 25.195 (a). All other interconnections to the transmission system shall be made on a case by case basis in accordance with PUC Substantive Rules 25.191, 25.195, and 25.198.
7. There shall be added to any charges under rate schedule WTS amounts equal to any applicable fees and sales and excise taxes levied at their current rates inclusive of any tax rate/fee changes and new taxes/fees.
8. In the event that a dispute arises over the provision of transmission service or the pricing or other terms or conditions of such services, the parties to the dispute shall engage in alternative dispute resolution pursuant to PUC Substantive Rule 25.203.

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WHOLESALE TRANSMISSION SERVICE - WTS

AVAILABILITY

Wholesale transmission service is provided to any Transmission Service Customer (“Customer”) as that term is defined in the Public Utility Commission of Texas (“PUC”) Substantive Rule 25.5 at all points where transmission facilities of adequate capacity and suitable voltage are made available to implement wholesale transmission service. Service shall be in accordance with applicable PUC Substantive Rules, Chapter 25, Subchapter I, Division 1. This rate schedule shall not apply to service that is subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), unless so ordered by FERC pursuant to lawful authority under the Federal Power Act. Any power delivered onto or received from the Company’s transmission grid under this rate schedule must be delivered onto or received from transmission lines that operate nominally at 60,000 volts or higher, three phase, 60 hertz alternating current, that have been made available for this service.

This rate schedule applies only to wholesale transmission service within the Electric Reliability Council of Texas (“ERCOT”) Region and does not govern transactions outside the jurisdiction of the PUC.

PRICING

In accordance with PUC Substantive Rule 25.192, each Distribution Service Provider (“DSP”) within ERCOT shall be assessed a transmission service charge for transmission service based upon the DSP’s coincident peak load as defined in PUC Substantive Rule 25.192(d). The monthly transmission service charge shall be calculated by multiplying (a) the monthly transmission service rate by (b) the DSP’s previous year’s average 4CP kW demand that is coincident with the ERCOT 4CP demand.

Transmission Service Monthly Rate: \$0.3291814 per kW per month

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PAYMENT

All charges due to the Company under this rate schedule shall be billed in accordance with PUC Substantive Rule 25.202. DSP shall make payment to Company in a manner consistent with the procedures and deadlines set forth in PUC Substantive Rule 25.202. Any late payments by DSP or default by DSP shall be handled in accordance with PUC Substantive Rule 25.202.

NOTICE

Wholesale transmission service furnished under this rate schedule is subject to Company's Terms and Conditions for Wholesale Transmission Service, Sheet No. 3.1, the terms of PUC Substantive Rules, Chapter 25, Subchapter I, Division 1, and applicable ERCOT Protocols, as amended from time to time.

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RIDER IPC - INSURANCE PROCEEDS CREDIT

AVAILABILITY

Pursuant to Public Utility Commission of Texas Docket No. 38339, Rider IPC is a negative charge to Distribution Service Providers (“DSPs”) to credit the insurance proceeds received for transmission related Hurricane Ike restoration costs included in schedule Wholesale Transmission Service - WTS.

Credits hereunder are provided to each DSP assessed a transmission service charge under rate schedule Wholesale Transmission Service – WTS and shall remain in effect until the aggregate rate reduction to DSPs is \$2,652,202, at which time Rider IPC shall terminate. The last month of billing Rider IPC shall be prorated based on the number of days necessary to equal the aggregate rate reduction of \$2,652,202. Rider IPC is expected to be in effect for a period of approximately three years (until mid-year of 2014), however, Rider IPC will be terminated when the aggregate rate reduction attributable to Rider IPC is \$2,652,202 regardless of the duration of the period it is effective.

MONTHLY CREDIT

A DSP’s Rider IPC for the billing month shall be calculated by multiplying (a) the Monthly Credit shown below by (b) the DSP’s previous year’s average 4CP kW demand that is coincident with the ERCOT 4CP demand, as defined in PUC Substantive Rule 25.192(d).

Monthly Credit (\$0.001211) per kW per month

NOTICE

This rate schedule is subject to Company’s Terms and Conditions for Wholesale Transmission Service, Sheet No. 3.1, the terms of PUC Substantive Rules, Chapter 25, Subchapter I, Division 1, and applicable ERCOT Protocols, as amended from time to time.

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RIDER DT– DEFERRED TAX TRACKER

PURPOSE

The Deferred Tax Tracker is established to recover on a prospective basis an after-tax return of 8.21% on the transmission function amounts paid to the IRS that result from an unfavorable FIN-48 Uncertain Tax Position (UTP) audit. Rider DT will track unfavorable IRS FIN-48 rulings and the return will be applied prospectively to FIN-48 amounts paid to the IRS after such amounts are actually paid. If the Company prevails in an appeal of an unfavorable FIN-48 UTP decision, then any amounts collected under Rider DT related to that overturned decision shall be credited back to DSPs.

APPLICABILITY

Credits/surcharges hereunder are provided to each DSP assessed a transmission service charge under rate schedule Wholesale Transmission Service – WTS.

MONTHLY CREDIT/SURCHARGE

A DSP's Rider DT for the billing month shall be calculated by multiplying (a) the Monthly Credit/Surcharge shown below by (b) the DSP's previous year's average 4CP kW demand that is coincident with the ERCOT 4CP demand, as defined in PUC Substantive Rule 25.192(d).

Monthly Credit/Surcharge \$0.000000 per kW per month

NOTICE

This rate schedule is subject to Company's Terms and Conditions for Wholesale Transmission Service, Sheet No. 3.1, the terms of PUC Substantive Rules, Chapter 25, Subchapter I, Division 1, and applicable ERCOT Protocols, as amended from time to time.