

SECURITIES AND EXCHANGE COMMISSION

FORM U-13-60

Annual report for mutual and subsidiary service companies [Rule 94]

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FILER

**CENTERPOINT ENERGY INC**

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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:

<TABLE>

<S>

<C>

<C>

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

</TABLE>

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.
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.

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LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

<TABLE>  
<CAPTION>

DESCRIPTION OF SCHEDULES AND ACCOUNTS	SCHEDULE OR ACCOUNT NUMBER	PAGE NUMBER
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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.

<TABLE>  
<CAPTION>

AS OF DECEMBER 31,  
-----

ACCOUNT	ASSETS AND OTHER DEBITS		2004	2003
<S>	<C>	<C>	<C>	<C>
	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)	--
	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	\$--

</TABLE>

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<TABLE>  
<CAPTION>

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL		AS OF DECEMBER 31,	
<S>	<C>	<C>	2004	2003
<S>	<C>	<C>	<C>	<C>
	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		--	--
	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	\$--

</TABLE>

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ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE II-SERVICE COMPANY PROPERTY  
(thousands of dollars)

<TABLE>  
<CAPTION>

Description	Balance at Beginning of Year	Additions	Retirements or Sales	Other Changes	Balance at Close of Year
<S>	<C>	<C>	<C>	<C>	<C>
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
107 Construction Work In Progress	8,260	9,681	(14,084)	--	3,857
TOTAL	\$155,614	\$23,766	\$ (14,870)	\$ --	\$164,510

</TABLE>

- Provide an explanation of those changes considered material: N/A
- 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:

<TABLE>  
<CAPTION>

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

</TABLE>

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

For the Year Ended December 31, 2004

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

<TABLE>  
<CAPTION>

Description	Balance at Beginning of Year	Additions Charged to Account 403	Retirements	Other Changes Add (Deduct)	Balance at Close of Year
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Account					
301 Organization	\$ --	\$ --	\$ --	\$ --	\$ --
303 Miscellaneous Intangible Plant	(12,997)	(4,818)	--	144	(17,671)
304 Land and Land Rights	--	--	--	--	--
305 Structures and Improvements	--	--	--	--	--
306 Leasehold Improvements	(162)	(28)	--	--	(190)
307 Equipment	(31,750)	(7,101)	344	--	(38,507)
308 Office Furniture and Equipment	930	(753)	187	(175)	189
309 Automobiles, Other Vehicles And Related Garage Equipment	(86)	(3)	--	--	(89)
310 Aircraft and Airport Equipment	--	--	--	--	--
311 Other Service Company Property	--	--	--	--	--
	-----	-----	-----	-----	-----
TOTAL	\$ (44,065)	(12,703)	\$531	\$ (31)	\$ (56,268)
	=====	=====	====	=====	=====

</TABLE>

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

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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.

<TABLE>  
<CAPTION>

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

</TABLE>

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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.

<TABLE>  
<CAPTION>

Description	Balance at Beginning of Year	Balance at Close of Year
-------------	---------------------------------	-----------------------------

<S>	<C>	<C>
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
	===	=====

</TABLE>

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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.

<TABLE>

<CAPTION>

Analysis of Convenience or Accommodation Payments: Total Payments

<S>	<C>
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
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
	=====

</TABLE>

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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.

<TABLE>  
<CAPTION>

Description	Labor	Expense	Total
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Account 152-Fuel Stock Expenses Undistributed	\$--	\$--	\$--
	---	---	---
TOTAL	\$--	\$--	\$--
	===	===	===

</TABLE>

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.

<TABLE>  
<CAPTION>

Description	Labor	Expense	Total
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Account 163-Stores Expenses Undistributed	\$--	\$--	\$--
	---	---	---
TOTAL	\$--	\$--	\$--
	===	===	===

</TABLE>

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ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

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.

<TABLE>  
<CAPTION>

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

</TABLE>

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.

<TABLE>  
<CAPTION>

Description	Balance at Beginning of Year	Balance at Close of Year
-----	-----	-----
<S>	<C>	<C>
Account 186 - Miscellaneous Deferred Debits		
Cash surrender value associated with Corp Life Insurance Policy	\$ 8,064	\$ 8,775
Cash collateral for performance bonds	3,200	3,200
Workers compensation loss deposit fund	133	133
Working capital fund - Relocation Services	150	150
Long-term receivable from associated companies		
CenterPoint Energy Mississippi River Transmission Service Company	--	1
CenterPoint Energy Arkla Industries Inc.	--	1
CenterPoint Energy Marketing, Inc.	203	7
CenterPoint Energy Intrastate Pipeline	55	1,376
CenterPoint Energy Louisiana Transmission Division of Entex	44	264
CenterPoint Energy Resources Corp.	--	64
CenterPoint Energy Utility Holding, LLC	1,463	2,725
Other	567	567
	-----	-----
Total	\$13,879	\$17,263
	=====	=====

</TABLE>

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For the Year Ended December 31, 2004

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

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

<TABLE>  
<CAPTION>

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

</TABLE>

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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)

<TABLE>  
<CAPTION>

Account Number	Class of Stock	Number of Shares Authorized	Par or Stated Value Per Share	Outstanding No. of Shares	Close of Period Total Amount
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
201	Common Stock Issued	1,000	1.00	1,000	\$1

</TABLE>

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

<TABLE>  
<CAPTION>

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

</TABLE>

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.

<TABLE>  
<CAPTION>

Description	Balance at Beginning of Year	Net Income or (Loss)	Dividends Paid	Balance at Close of Year
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
216 Unappropriated Retained Earnings	\$--	5,493	--	\$5,493

</TABLE>

Note: Net income is due to the following:

<TABLE>

<S>	<C>
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  
 </TABLE>

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 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.

<TABLE>  
 <CAPTION>

	Name of Creditor	Term of Obligation Class & Series Of Obligation	Date of Maturity	Interest Rate	Beginning Amount Authorized	Additions	Deductions (1)	Balance At Close Of Year
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Account 223-Advances from Associate Companies					\$ --	\$--	\$--	\$ --
Account 224-Other Long-Term Debt	IBM Credit Corporation	3yr Capital Lease	Feb 2006	4.14%	\$ 7,326	\$--	\$--	\$1,873
	IBM Credit Corporation	3yr Capital Lease	Apr 2006	7.52%	3,673	--	--	739
					-----	---	---	-----
	TOTAL				\$10,999	\$--	\$--	\$2,613
					=====	===	===	=====

</TABLE>

(1) Give an explanation of deductions: None

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 ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

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.

<TABLE>  
 <CAPTION>

		Balance at Beginning of Year	Balance at Close of Year
<S>	<C>	<C>	<C>
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
		=====	=====

</TABLE>

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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 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.

(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

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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.

<TABLE>  
<CAPTION>

	DECEMBER 31, 2004
	----- (IN THOUSANDS) <C>
<S>	
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
	=====

</TABLE>

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.

(5) INCOME TAXES

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

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
<S>	<C>
Current	
Federal.....	\$ (4,284)
	-----
Total current.....	(4,284)
	-----
Deferred	
Federal.....	7,138
	-----
Total deferred.....	7,138
	-----
Income tax expense.....	\$ 2,854

</TABLE>

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

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
<S>	<C>
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%

</TABLE>

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:

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
<S>	<C>
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
	=====

</TABLE>

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

(6) EMPLOYEE BENEFIT PLANS

(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

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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 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.

Net postretirement benefit cost includes the following components:

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
<S>	<C>
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
	=====

</TABLE>

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

<TABLE>  
<CAPTION>

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

</TABLE>

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.

<TABLE>  
<CAPTION>

	YEAR ENDED DECEMBER 31, 2004
	----- (IN THOUSANDS)
<S>	<C>
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:

<TABLE>  
<CAPTION>

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

</TABLE>

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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:

<TABLE>  
<CAPTION>

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

</TABLE>

(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.

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ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

SCHEDULE XV - COMPARATIVE STATEMENT OF INCOME  
(thousands of dollars)

<TABLE>  
<CAPTION>

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
<S>	<C>	<C>	<C>
	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	\$--

</TABLE>

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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)

<TABLE>  
<CAPTION>

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED	INDIRECT COSTS CHARGED	COMPENSATION FOR USE OF CAPITAL	TOTAL AMOUNT BILLED
<S>	<C>	<C>	<C>	<C>
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
	=====	=====	=====	=====

</TABLE>

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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.

<TABLE>

<CAPTION>

NAME OF NONASSOCIATE COMPANY	DIRECT COSTS CHARGED	INDIRECT COSTS CHARGED	COMPENSATION FOR USE OF CAPITAL	TOTAL AMOUNT BILLED
<S>	<C>	<C>	<C>	<C>
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
	=====	===	=====	=====

</TABLE>

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

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)

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

<TABLE>  
<CAPTION>

Account	Description of Items	Associate Company Charges			Nonassociate Company Charges			Total Charges for Services		
		Direct Cost	Indirect Cost	Total	Direct Cost	Indirect Cost	Total	Direct Cost	Indirect Cost	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$ 52,087	\$ 35,505	\$ 87,592	\$2,615	\$--	\$2,615	\$ 54,702	\$ 35,505	\$ 90,207
921	Office supplies and expenses	11,528	3,872	15,400	469	--	469	11,997	3,872	15,869
922	Administrative expenses transferred									
	- credit	3,363	--	3,363	--	--	--	3,363	--	3,363
923	Outside services employed	56,315	22,784	79,099	903	--	903	57,218	22,784	80,002
924	Property insurance	16	13	29	--	--	--	16	13	29
925	Injuries and damages	2,749	5,114	7,863	31	--	31	2,780	5,114	7,894
926	Employee pensions and benefits	17,629	26,201	43,830	311	--	311	17,940	26,201	44,141
928	Regulatory commission expenses	--	--	--	--	--	--	--	--	--
930.1	General advertising expenses	1,611	866	2,477	5	--	5	1,616	866	2,482
930.2	Miscellaneous general expenses	3,285	1,295	4,580	4	--	4	3,289	1,295	4,584
931	Rents	11,179	4,246	15,425	469	--	469	11,648	4,246	15,894
932	Maintenance of structures and equipment	19	16	35	--	--	--	19	16	35
935	Maintenance of general plant	--	--	--	--	--	--	--	--	--
403	Depreciation and amortization expense	12,017	350	12,367	336	--	336	12,353	350	12,703
408	Other taxes-non-inc	7,926	(36)	7,890	9	--	9	7,935	(36)	7,899
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	286	770	1,056
426.5	Other deductions	425	44	469	--	--	--	425	44	469
427	Interest on long-term debt	641	--	641	18	--	18	659	--	659
430	Interest on debt to associate companies	--	--	--	--	--	--	--	--	--
431	Other interest expense	--	--	--	--	--	--	--	--	--
421	Miscellaneous income and loss	(230)	--	(230)	--	--	--	(230)	--	(230)
	Subtotal	\$180,845	\$101,040	\$281,885	\$5,171	\$--	\$5,171	\$186,016	\$101,040	\$287,056
	Compensation for use of capital	9,015	--	9,015	418	--	418	9,433	--	9,433
	Total	\$189,860	\$101,040	\$290,900	\$5,589	\$--	\$5,589	\$195,449	\$101,040	\$296,489

</TABLE>

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).

<TABLE>  
<CAPTION>

Department or Service Function

Account	Description of Items	Department or Service Function		
		Total Amount	Overhead	Executive Mgmt Services
<S>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$ 90,207	\$ (626)	\$3,182
921	Office supplies and expenses	15,869	(619)	628
922	Administrative expenses transferred - credit	3,363	(2,483)	--
923	Outside services employed	80,002	11,170	406
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	276
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	--	593
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	\$5,085

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Aviation	Communications	Legal
<S>	<C>	<C>	<C>	<C>
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

</TABLE>

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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Government Affairs	Regulatory	Information Technology
<S>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$1,182	\$ 3,677	\$30,432
921	Office supplies and expenses	33	574	14,995
922	Administrative expenses transferred	--	--	--
923	Outside services employed	553	9,810	16,268
924	Property insurance	--	--	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	--	--	(6)
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	--	9	--
930.2	Miscellaneous general expenses	51	514	1
931	Rents	--	737	5,841
932	Maintenance of structures and equipment	--	--	11
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	--	11,103
408	Other taxes-non-inc	--	--	140
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	--	--	659
430	Interest on debt to associate companies	--	--	--
431	Other interest expense	--	--	--
	Total	\$2,388	\$15,360	\$79,444

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Human Resources	Payroll	Audit
<S>	<C>	<C>	<C>	<C>
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	--	--	--
431	Other interest expense	--	--	--
	Total	\$13,709	\$686	\$1,356

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Financial Accounting & Reporting	Property Accounting	Revenue Accounting
<S>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$3,688	\$2,038	\$4,564
921	Office supplies and expenses	151	44	99
922	Administrative expenses transferred - credit	--	--	--
923	Outside services employed	178	45	3
924	Property insurance	--	--	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	5	10	26
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	--	--	--
930.2	Miscellaneous general expenses	--	--	--
931	Rents	5	1	24
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	\$4,716

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Tax	Investor Relations	Strategic Planning
<S>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$1,998	\$ 394	\$2,798
921	Office supplies and expenses	305	--	151
922	Administrative expenses transferred - credit	--	--	--
923	Outside services employed	743	37	277

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	9
931	Rents	--	--	--
932	Maintenance of structures and equipment	--	1	3
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	1	--	13
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	--	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	\$3,252
		=====	=====	=====

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Finance & Treasury	Office Support Services	Purchasing
		<C>	<C>	<C>
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
		=====	=====	=====

</TABLE>

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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).

<TABLE>  
<CAPTION>

Account	Description of Items	Department or Service Function		
		Remittance	Shared Services	Facility Management & Corporate Security
<S>	<C>	<C>	<C>	<C>
920	Salaries and wages	\$1,652	\$1,275	\$3,063
921	Office supplies and expenses	55	(148)	134
922	Administrative expenses transferred - credit	--	--	--
923	Outside services employed	434	388	455
924	Property insurance	--	--	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	32	6	24
928	Regulatory commission expenses	--	--	--
930.1	General advertising expenses	--	--	--
930.2	Miscellaneous general expenses	--	--	--
931	Rents	328	2,327	3
932	Maintenance of structures and equipment	--	--	2
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	964	5
408	Other taxes-non-inc	10	--	21
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	\$3,707

</TABLE>

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ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

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

<TABLE>  
<CAPTION>

Name of Department or Service Function	Total Amount	Parent Company	Other Associates	Nonassociates	Number of Personnel End of Year
<S>	<C>	<C>	<C>	<C>	<C>
Executive Management	\$ 3,182	\$ 668	\$ 2,514	\$ --	12
Aviation	218	204	14	--	2
Communications	1,424	107	1,314	3	17
Legal	5,981	138	5,842	1	43
Information Technology	30,432	--	29,619	813	305
Government Affairs	1,182	--	1,182	--	9
Regulatory	3,677	--	3,677	--	29
Facilities Management	3,063	6	3,036	21	33
Office Support Services	1,872	4	1,091	777	34
Purchasing & Logistics	2,895	6	2,889	--	43
Remittance Processing	1,652	3	757	892	24
General Shared Services	1,275	3	1,220	52	19
Payroll	713	3	710	--	12
Human Resources	9,211	37	9,146	28	84
Audit	1,169	42	1,127	--	14
Strategic Planning	2,798	101	2,697	--	22
Investor Relations	394	14	380	--	3
Financial Accounting & Reporting	3,688	133	3,555	--	37
Property Accounting	2,038	73	1,965	--	21
Revenue Accounting	4,564	164	4,400	--	77
Tax	1,998	72	1,926	--	20
Finance & Treasury	7,407	267	7,111	29	74
Overhead	(626)	(626)	--	--	0
Total	\$90,207	\$1,419	\$86,172	\$2,616	934

</TABLE>

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.

<TABLE>  
 <CAPTION>

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP		AMOUNT
		A=Associate	NA = NonAssociate	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	
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
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

</TABLE>

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.

<TABLE>  
 <CAPTION>

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP		AMOUNT
		A=Associate	NA = NonAssociate	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	
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
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

</TABLE>

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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.

<TABLE>  
<CAPTION>

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A=Associate NA = NonAssociate	AMOUNT
-----	-----	-----	-----
<S>	<C>	<C>	<C>
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
Isongon 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
Mitrstech 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
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  
=====

</TABLE>

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.

<TABLE>  
<CAPTION>

FROM WHOM PURCHASED -----	SERVICES PROVIDED -----	RELATIONSHIP		AMOUNT -----
		NA = NonAssociate	A=Associate	
<S>	<C>	<C>		<C>
A-Rocket Moving & Storage Inc	Consulting/Outside Services	NA		\$ 104
Accenture LLP	Consulting/Outside Services	NA		1,095
ADP Investor Communication Services	Consulting/Outside Services	NA		104
Alliance Strategy Business	Consulting/Outside Services	NA		400
Art Of Facts	Consulting/Outside Services	NA		127
Automatic Data Processing Inc	Consulting/Outside Services	NA		68
Barrington-Wellesley Group Inc	Consulting/Outside Services	NA		115
Beckham & Tillman Communications	Consulting/Outside Services	NA		81
Bell & Howell Mail And Messaging	Consulting/Outside Services	NA		255
Brinks Inc	Consulting/Outside Services	NA		32
Bruner & Associates	Consulting/Outside Services	NA		49
Business Consulting Group Of Alvarez & Marsal	Consulting/Outside Services	NA		100
C M White & Company LLC	Consulting/Outside Services	NA		67
C.W. Henderson Electric, Inc.	Consulting/Outside Services	NA		53
Cambridge Energy Research	Consulting/Outside Services	NA		56
Career Management International	Consulting/Outside Services	NA		28
Carter & Burgess, Inc.	Consulting/Outside Services	NA		90
Charles Rivers & Associates	Consulting/Outside Services	NA		52
Chas P. Young Co	Consulting/Outside Services	NA		58
Citigroup	Consulting/Outside Services	NA		10,248
Commercial Audio Video Inc	Consulting/Outside Services	NA		34
Commercial Furniture Service	Consulting/Outside Services	NA		32
Computer Financial Consultants	Consulting/Outside Services	NA		173
Confidential Consulting	Consulting/Outside Services	NA		42
Continuous & Specialty Product	Consulting/Outside Services	NA		73
Corporate Express	Consulting/Outside Services	NA		70
Coyle Kelly	Consulting/Outside Services	NA		70
Csar Inc	Consulting/Outside Services	NA		25
CSC Financial Services Group	Consulting/Outside Services	NA		32
CT Corporation	Consulting/Outside Services	NA		43
Deloitte & Touche	Consulting/Outside Services	NA		5,005
Disaster Recovery Services, Inc	Consulting/Outside Services	NA		63
Don McFarlin	Consulting/Outside Services	NA		75
Employers Unity, Inc	Consulting/Outside Services	NA		60
Energy Advisory Group Inc	Consulting/Outside Services	NA		121
Ernst & Young LLP	Consulting/Outside Services	NA		237
Financo Inc	Consulting/Outside Services	NA		39
Frontier Associates LLC	Consulting/Outside Services	NA		85
Garrison Solutions Inc	Consulting/Outside Services	NA		75
Gartner Group	Consulting/Outside Services	NA		252
Geosolutions LLC	Consulting/Outside Services	NA		105
Gerald W. Tucker	Consulting/Outside Services	NA		51

</TABLE>

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.

<TABLE>  
<CAPTION>

FROM WHOM PURCHASED -----	SERVICES PROVIDED -----	RELATIONSHIP		AMOUNT -----
		A=Associate	NA = NonAssociate	
<S>	<C>	<C>	<C>	<C>
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
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

</TABLE>

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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.

<TABLE>  
<CAPTION>

FROM WHOM PURCHASED -----	SERVICES PROVIDED -----	RELATIONSHIP		AMOUNT -----
		A=Associate	NA = NonAssociate	
<S>	<C>	<C>	<C>	<C>

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
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
			=====

</TABLE>

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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.

<TABLE>

<CAPTION>

DESCRIPTION	AMOUNT
-----	-----
<S>	<C>
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
	=====

</TABLE>

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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.

<TABLE>  
<CAPTION>  
DESCRIPTION NAME OF PAYEE AMOUNT  
-----  
<S> <C> <C>  
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 Paramount Printing 3  
Advertising Various (41) 31  
-----  
Total \$2,482  
=====

</TABLE>

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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 (b) (2)) shall be separately classified.

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

</TABLE>

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.

<TABLE>  
<CAPTION>  
DESCRIPTION AMOUNT  
-----  
<S> <C>  
Rent - Office Space \$16,088

Rent - Equipment	165
Rent - PCs	96
Rent - Other	(455)
	-----
Total	\$15,894
	=====

</TABLE>

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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

<TABLE>  
<CAPTION>

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

</TABLE>

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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.

<TABLE>  
<CAPTION>

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
-----	-----	-----
<S>	<C>	<C>
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
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
		=====

</TABLE>

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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.

<TABLE>

<CAPTION>

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

</TABLE>

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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.

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

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ANNUAL REPORT OF CENTERPOINT ENERGY SERVICE COMPANY, LLC

For the Year Ended December 31, 2004

ORGANIZATION CHART (SUMMARY LEVEL)

<TABLE>

<CAPTION>

Organization Chart	Service Function
-----	-----
<S>	<C>
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
Vice President & Treasurer	Treasury
Treasury	Treasury & Cash Management
Investor Services	Investor Services
Risk Management	Risk Management, Insurance
Sr VP & Chief Acctg Officer	Finance & Accounting
Vice President & Controller	Financial Acctg & Reporting, Property Acctg, Revenue
	Acctg
Vice President - Tax	Local, State, Federal, Property Tax
Accounting Systems	Financial Accounting Systems & Processes
Business Services	Business Services
Sr VP - Shared Svcs & Human Resources	Executive Management Services - Shared Svcs & Human
	Resources
Human Resources	Human Resources
Compensation & Benefits	Compensation & Benefits
Payroll	Payroll
Vice President - Shared Svcs	Exec Mgmt Services - Purch, Facility Mgmt, Corp Sec,
	Office Sup
Purchasing & Logistics	Purchasing & Logistics
Accounts Payable	Accounts Payable
Facility Management	Real Estate & Facility Management
Corporate Security	Corporate Security
Office Support Services	Remittance, Disbursements, Graphics, Mail, Record
	Retention
Exec VP - General Counsel & Corp Secretary	Executive Mgmt Services - Legal, Regulatory,
	Gov't Affairs, Comm
VP & Deputy General Counsel	Legal, Claims
VP - Corporate Compliance	Corp Ethics & Compliance, Employment Litigation
VP - Government Relations	State & Local Relations
VP - Regulatory	Regulatory Policy & Relations
VP - Corporate Communications	Communications

</TABLE>

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 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.

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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.

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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

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