

application-declaration in this filing under sections 6(a) and 7 of the Act and rules 44 and 54 under the Act.

CenterPoint is a registered public-utility holding company, created on August 31, 2002, as part of a corporate restructuring of Reliant Energy, Inc. On September 30, 2002, CenterPoint completed the distribution ("Distribution") to shareholders of the remaining stock of Reliant Resources, Inc. ("Reliant Resources"). The Distribution completed the separation from CenterPoint of the merchant power generation and energy trading and marketing business of Reliant Resources.

CenterPoint has three public-utility subsidiary companies that are wholly owned (except as indicated below), that own and operate electric generation plants, electric transmission and distribution facilities, natural gas distribution facilities and natural gas pipelines. CenterPoint Energy Houston Electric LLC ("T&D Utility") engages in the electric transmission and distribution business in a 5,000-square mile area of the Texas Gulf Coast that includes Houston.

Texas Genco Holdings, Inc. ("Texas Genco") is a section 3(a)(1) exempt holding company that indirectly owns the Texas generating plants formerly owned by the integrated electric utility that was a part of Reliant Energy, Inc. ("Texas Genco Assets").<sup>1</sup>

CenterPoint Energy Resources Corp. ("GasCo") owns gas distribution systems that together form one of the United States' largest natural gas distribution operations in terms of customers served. Through unincorporated divisions, GasCo provides natural gas distribution services in Louisiana, Mississippi and Texas (Entex Division), Arkansas, Louisiana, Oklahoma and Texas (Arkla Division) and Minnesota (Minnegasco Division). Through wholly owned subsidiaries, GasCo owns two interstate natural gas pipelines and gas gathering systems and provides various ancillary services.

Utility Holding, LLC is a Delaware limited liability company and an intermediate holding company that is registered under the Act. Utility Holding, LLC directly holds approximately 81% of the outstanding common stock of Texas Genco. Applicants state that Utility Holding, LLC is otherwise a conduit entity formed solely to minimize tax liability.

<sup>1</sup> On January 6, 2003, CenterPoint distributed to its shareholders approximately 19% of the common stock of Texas Genco. CenterPoint indirectly owns the remaining approximately 81% of the common stock of Texas Genco.

For the nine months ended September 30, 2002, CenterPoint had revenues of \$5.8 billion and operating income of \$1.1 billion. As of September 30, 2002, CenterPoint had assets totaling \$19.0 billion.

By order dated July 5, 2002, in this filing ("July Order"),<sup>2</sup> the Commission authorized the formation of CenterPoint as a registered holding company and approved various financing proposals. Among other things, the July Order authorized CenterPoint to issue up to \$5 billion in long-term debt and \$6 billion in short-term debt, subject to an overall limit of no more than \$6 billion in financings at any one time outstanding through June 30, 2003 ("Authorization Period"). In the July Order, CenterPoint committed that debt issued by it pursuant to such authorization would be unsecured.

CenterPoint seeks a modification of the July Order to permit CenterPoint to issue and sell during the Authorization Period up to \$4 billion of debt that is secured by the stock of Texas Genco, including the assets and securities of its indirect subsidiary company, Texas Genco, LP (the entity that directly owns the Texas Genco Assets), to the extent permitted by and consistent with contractual restrictions and applicable law.<sup>3</sup>

The proceeds of this financing will be used to refinance the existing indebtedness of CenterPoint. The proposed financing will otherwise be subject to the terms and conditions as set forth in the July Order.

CenterPoint also seeks authority to issue warrants or other stock purchase rights, subject to the terms and conditions of the July Order. CenterPoint states that it may be required to issue debt securities convertible into common stock or debt securities with warrants or other stock purchase rights. CenterPoint further states that the proceeds of such financing will be used to refinance the existing indebtedness of CenterPoint. CenterPoint notes that the July Order grants CenterPoint the authority to issue convertible debt securities. CenterPoint now seeks authority to issue warrants to purchase the common stock of CenterPoint or other stock purchase rights subject to the terms and conditions of the July Order.

On October 10, 2002, CenterPoint entered into a \$3.85 billion, 364-day credit facility ("CenterPoint Facility") to replace a similar facility that had expired. The CenterPoint Facility

requires, among other things, mandatory commitment reductions of \$600 million each by February 28, 2003, and June 30, 2003.

CenterPoint states that it is negotiating with its lenders to extend the maturity date of the CenterPoint Facility into 2005, by which time CenterPoint expects to have sold its generation assets and recovered its stranded costs as provided by Texas law.<sup>4</sup> CenterPoint asserts that deteriorating market conditions have made it difficult to refinance CenterPoint's debt on reasonable terms without providing some security. CenterPoint states that with the ability to provide collateral, an adequate financing arrangement may be implemented. As set forth above, CenterPoint seeks authorization pursuant to sections 6(a) and 7 of the Act to issue and sell during the Authorization Period up to \$4 billion of debt that is secured by the stock of Texas Genco, including the assets and securities of its indirect subsidiary company, Texas Genco, LP.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of February 3, 2003: Open meetings will be held on Tuesday, February 4, 2003, at 10 a.m., and Thursday, February 6, 2003, at 10 a.m. in Room 1C30, the William O. Douglas Room, and a closed meeting will be held on Wednesday, February 5, 2003, at 2:30 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries

<sup>4</sup> Reliant Resources has an option that may be exercised in January 2004 to purchase all of the shares of Texas Genco common stock then owned by CenterPoint. Applicants state that if Reliant Resources does not exercise the option, CenterPoint plans to sell or otherwise monetize its interest in Texas Genco. Applicants state that proceeds from the sale, plus proceeds from the securitization in 2004 or 2005 of stranded costs related to generating assets of Texas Genco and generation related regulatory assets, are expected to aggregate in excess of \$5 billion.

<sup>2</sup> Holding Co. Act Release No. 27548.

<sup>3</sup> Applicants anticipate that the term of the financing would be from three to five years.