

RELIANT ENERGY INC
Form 11-K
June 28, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Fiscal Year Ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 1-16455

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Reliant Energy, Inc. Union Savings Plan

P.O. Box 148

Houston, TX 77001-0148

B. Name and issuer of the securities held pursuant to the plan and the address of its principal executive office:

Reliant Energy, Inc.

1000 Main Street

Houston, TX 77002

RELIANT ENERGY, INC. UNION SAVINGS PLAN

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SUPPLEMENTAL SCHEDULE:

Schedule H, line 4(i) - Schedule of Assets (Held at End of Year), as of December 31, 2004

The following schedules required by the Department of Labor's regulations are omitted due to the absence of the conditions under which they are required:

Schedule of Reportable Transactions

Schedule of Nonexempt Transactions

Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible

Schedule of Leases in Default or Classified as Uncollectible

Schedule of Assets Acquired and Disposed of Within the Plan Year

EXHIBIT:

Consent of Independent Registered Public Accounting Firm - Melton & Melton, L.L.P. (Exhibit 23.1)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Trustees and Participants in the

Reliant Energy, Inc. Union Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Reliant Energy, Inc. Union Savings Plan (the Plan) as of December 31, 2004 and 2003, and the statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule, listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MELTON & MELTON, L.L.P.

Houston, Texas
June 22, 2005

RELIANT ENERGY, INC. UNION SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2004 AND 2003

	2004	December 31,	2003
ASSETS:			
Investments, at fair value	\$ 65,013,346	\$	39,050,197
Participant Loans	1,271,401		1,046,978
Contributions Receivable-Employer	326,220		407,574
Contributions Receivable-Participant			67,851
NET ASSETS AVAILABLE FOR BENEFITS	\$ 66,610,967	\$	40,572,600

See notes to financial statements.

RELIANT ENERGY, INC. UNION SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2004

ADDITIONS:		
Contributions:		
Employer	\$	2,864,178
Participant		6,435,710
Investment Income:		
Interest		348,950
Dividends		752,048
Net appreciation in fair value of investments		5,926,713
Assets transferred in, net		11,337,789
Total additions		27,665,388
DEDUCTIONS:		
Benefits paid to participants		1,573,172
Administrative expenses		53,849
Total deductions		1,627,021
NET INCREASE		26,038,367
NET ASSETS AVAILABLE FOR BENEFITS:		
BEGINNING OF YEAR		40,572,600
NET ASSETS AVAILABLE FOR BENEFITS:		
END OF YEAR	\$	66,610,967

See notes to financial statements.

RELIANT ENERGY, INC. UNION SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General - The Reliant Energy, Inc. Union Savings Plan (formerly, the Reliant Resources, Inc. Union Savings Plan, and changed effective April 26, 2004), (the Plan) is a defined contribution plan sponsored by Reliant Energy, Inc. (formerly Reliant Resources, Inc., and changed effective as of April 26, 2004), (the Company) covering substantially all of the eligible union employees of the Company or an affiliate of the Company (excluding certain groups of bargaining employees of Orion Power Holdings, Inc. and its subsidiaries) that has adopted the Plan, and whose employment is covered by a collective bargaining agreement. The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility - Under the provisions of the Plan, represented employees are eligible to participate in the Plan if provided in the terms of their respective collective bargaining agreements. Effective May 1, 2003, employees of Utility Workers Union of America, AFL-CIO (UWUA), Local 270, hired after April 28, 2000, became eligible to participate in the Plan as permitted under the terms of their collective bargaining agreement. Prior to January 1, 2004, employees who are members of International Brotherhood of Electrical Workers, AFL-CIO (IBEW) Locals 47, 66, 327, 459 and 777 were eligible to participate in the Plan. Effective January 1, 2004, employees who are members of IBEW Local 97 and employees who are members of UWUA Local 270, hired before April 28, 2000, became eligible to participate in the Plan. Effective June 10, 2004, employees who are members of UWUA Local 140 became eligible to participate in the Plan. Effective October 29, 2004, certain employees who are members of IBEW Local 29 became eligible to participate in the Plan. All of these groups of employees previously participated in the Orion Power Holdings, Inc. Savings Plan (the Orion Plan). As of October 1, 2004, members of IBEW Local 97 were no longer eligible to participate in the Plan (see Note 3).

Contributions - Participants may elect to contribute a percentage of their compensation on a pre-tax and/or after-tax basis as permitted under the terms of their respective collective bargaining agreements. The annual eligible compensation limit for 2004 was \$205,000. Active participants who are, or will be, age 50 or older during a calendar year are eligible to make additional pre-tax contributions (Catch-Up Contributions) to the Plan for that year in excess of the annual pre-tax contribution limit up to a maximum amount permitted by the Internal Revenue Code (the Code). The total amount of participant pre-tax contributions was limited to \$13,000 and \$12,000 in 2004 and 2003, respectively. The maximum Catch-Up Contribution amount was \$3,000 and \$2,000 for 2004 and 2003, respectively. The Company makes matching contributions in accordance with the terms of the participants' respective collective bargaining agreement. Some collective bargaining agreements provide for a discretionary Company contribution each pay period and an annual discretionary Company contribution. At December 31, 2004 and 2003, the Plan had an annual discretionary Company contributions receivable of \$326,220 and \$380,194, respectively. Plan participants who are eligible for these annual discretionary Company contributions do not have to contribute to the Plan.

Participant Accounts - Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contributions, the Company's matching contributions,

allocations of Company discretionary contributions, if applicable, any rollover contributions made by the participant and Plan earnings, and charged with an allocation of administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investments - Participants direct the investment of their contributions, Company matching contributions (if any) and Company payroll discretionary contributions (if any) into various investment options offered by the Plan. The Company's annual discretionary contribution, if applicable, may be made in cash or Company stock. If the contribution is made in Company stock, participants can transfer this contribution to any available investment option.

Vesting - Participants are fully vested in their contributions as of their participation date. Participants vest in Company contributions according to their respective collective bargaining agreements.

Participant Loans - Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined under the Plan. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits - On termination of service due to death, disability, or retirement, a participant or beneficiary may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or monthly, quarterly, semi-annual or annual installments not to exceed ten years.

Forfeited Accounts - At December 31, 2004 and 2003, forfeited nonvested accounts totaled \$2,537 and \$138, respectively. These accounts will be used to reduce future Company contributions. During 2004, Company contributions were reduced by \$1,008 from forfeited nonvested accounts.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation - The accompanying financial statements of the Plan are prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, as of the date of the financial statements. Actual results could differ from those estimates.

Market Risk - The Plan provides for investments in various investment securities, including CenterPoint Energy, Inc. common stock (closed to new investment) and the Company's common stock, that are exposed to certain risks such as interest rate, credit, and overall market volatility. Due to the level of risk, changes in the value of investment securities could occur in the near term, and these changes could materially affect the amounts reported in the statements of net assets available for benefits.

Administrative Expenses - Administrative expenses of the Plan are paid by either the Plan or the Plan's sponsor as provided in the Plan document.

Payment of Benefits - Benefits are recorded when paid.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at the end of the year. Units of the Vanguard Retirement Savings Trust are valued at net asset value at the end of the year, which approximates fair value. The common stock funds are valued at the year-end unit closing price (comprised of the year-end market price plus uninvested cash position). Participant loans are valued at cost which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

3. ASSETS TRANSFERRED TO/FROM THE PLAN

On September 28, 2004, the Company and its subsidiaries sold its interests in five subsidiaries which employ members of Local 97. As a result of this divestiture, the participants who are members of Local 97 ceased participation in the Plan and commenced participation in a qualified defined contribution plan maintained by Great Lakes Power, Inc. or its affiliate (the Successor Plan). In September 2004, approximately \$4.4 million in Plan assets attributable to the accounts of these participants transferred to the Successor Plan.

On July 31, 2004 and December 31, 2004, approximately \$3.9 million and \$11.8 million in assets, respectively, attributable to the accounts of certain bargaining unit participants, were transferred from the Orion Plan to the Plan.

4. INVESTMENTS

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Plan assets are held at Vanguard Fiduciary Trust Company (the Trustee). The following presents investments that represent 5% or more of the Plan's net assets.

	2004	December 31,	2003
Mutual Funds:			
Columbia Small Cap Fund, Inc.	\$	\$	2,400,590
Fidelity Securities Fund: Fidelity Dividend Growth Fund	4,722,077		3,098,821
Neuberger Berman Genesis Trust	5,939,020		3,973,340
PIMCO Funds: Pacific Investment Management Series: Total Return			2,072,367
Vanguard 500 Index Fund Investor Shares	8,480,731		3,655,612
Vanguard Growth Equity Fund			3,388,200
Vanguard LifeStrategy Moderate Growth Fund			2,236,487
Common/Collective Trust Funds:			
Vanguard Retirement Savings Trust	11,465,614		6,318,996
Common Stock Funds:			
Reliant Energy Common Stock Fund	6,653,084		3,614,922

During 2004, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value as follows:

Mutual funds	\$	2,743,979
Common stocks		3,182,734
	\$	5,926,713

5. PLAN TERMINATION

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Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of a plan termination, participants would become 100% vested in their accounts.

6. RELATED PARTY TRANSACTIONS

The Plan invests in shares of mutual funds managed by an affiliate of the Trustee, as well as in shares of common stock of the Company. The Plan also provides for loans to participants. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules.

7. TAX STATUS

The Plan obtained its latest determination letter dated August 29, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

8. SUBSEQUENT EVENT

The Plan was amended and restated effective January 1, 2005 with no significant changes. The restated Plan was amended effective February 23, 2005 to define certain participants' maximum pre-tax and after-tax contribution percentages per pay period based on the participants' respective bargaining unit.

RELIANT ENERGY, INC. UNION SAVINGS PLAN

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

As of December 31, 2004

EIN 76-0655566

PLAN 002

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value	
Mutual Funds:				
* American Funds EuroPacific Growth Fund	Registered Investment Company	(1)	\$	1,917,669
* American Funds: New Perspective Fund	Registered Investment Company	(1)		1,519,604
* American Funds: The Growth Fund of America	Registered Investment Company	(1)		188,360
* Artisan International Fund, International Shares	Registered Investment Company	(1)		117,955
* Davis New York Venture Fund, Inc. Class A Shares	Registered Investment Company	(1)		71,694
* Dodge & Cox Balanced Fund	Registered Investment Company	(1)		1,545,907
* Fidelity Securities Fund: Fidelity Dividend Growth Fund	Registered Investment Company	(1)		4,722,077
* Harris Associates Investment Trust: Oakmark Fund; Class I	Registered Investment Company	(1)		220,219
* Neuberger Berman Genesis Trust	Registered Investment Company	(1)		5,939,020
* PIMCO Funds: Pacific Investment Management Series: Total Return	Registered Investment Company	(1)		2,323,645
* T. Rowe Price Equity Income Fund Advisor Class	Registered Investment Company	(1)		241,011
* T. Rowe Small-Cap Stock Fund Advisor Class	Registered Investment Company	(1)		2,479,335
* Turner Small Cap Growth Fund Class I Shares	Registered Investment Company	(1)		3,150,265
* The Gabelli Growth Fund; Class AAA Shares	Registered Investment Company	(1)		57,297
* Vanguard 500 Index Fund Investor Shares	Registered Investment Company	(1)		8,480,731
* Vanguard Capital Opportunity Fund	Registered Investment Company	(1)		1,510,819
* Vanguard Growth Equity Fund	Registered Investment Company	(1)		3,218,593
* Vanguard PRIMECAP Fund	Registered Investment Company	(1)		316,675
* Vanguard Target Retirement 2005 Fund	Registered Investment Company	(1)		161,189
* Vanguard Target Retirement 2015 Fund	Registered Investment Company	(1)		1,830,249

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(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
*	Vanguard Target Retirement 2025 Fund	Registered Investment Company	(1)	2,201,320
*	Vanguard Target Retirement 2035 Fund	Registered Investment Company	(1)	329,941
*	Vanguard Target Retirement 2045 Fund	Registered Investment Company	(1)	116,630
*	Vanguard Target Retirement Income Fund	Registered Investment Company	(1)	30,718
*	Vanguard Total Bond Market Index Fund	Registered Investment Company	(1)	2,124,766
*	Vanguard Total Stock Market Index Fund Investor Shares	Registered Investment Company	(1)	356,850
*	Vanguard Windsor II Fund Investor Shares	Registered Investment Company	(1)	901,837
Common/Collective Trust Funds:				
*	Vanguard Retirement Savings Trust	Common/Collective Trust	(1)	\$ 11,465,614
Common Stock Funds:				
*	CenterPoint Energy Stock Fund	Company Stock Fund	(1)	\$ 820,272
*	Reliant Energy Common Stock Fund	Company Stock Fund	(1)	6,653,084
*	Participant Loans	Interest rates between 4.0% - 10.5%		\$ 1,271,401
	Total assets held for investment purposes			\$ 66,284,747

* Party in interest.

(1) Cost information has been omitted because all investments are participant-directed.

SIGNATURE

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the Benefits Committee of Reliant Energy, Inc. has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

RELIANT ENERGY, INC. UNION SAVINGS PLAN

By /s/ JAMES A. AJELLO
James A. Ajello, Chairman of the Benefits
Committee of Reliant Energy, Inc., Plan
Administrator

June 22, 2005