

manage

AMS is a power new tool

for consumers to better

understand and manage

their electric usage. As

a "green" technology, it
"green"
will create opportunity

for energy conservation

and more efficient power
efficient
generation.

Advanced Metering System (AMS) Frequently Asked Questions

CenterPoint Energy's Advanced Metering System (AMS) includes deployment of more than 2 million advanced meters across its 5,000-square-mile service territory over the next five years, beginning in March 2009.

The new metering technology is the first step in moving the electrical grid into the digital age. It's the foundation for converting the existing electric grid from electromechanical with analog controls to an automated grid with digital controls.

What are the benefits of AMS?

This innovative technology should encourage greater energy conservation by giving Houston-area electric consumers the ability to better monitor and manage their electric use and its cost in near real-time. AMS will benefit end-use consumers, retail electric providers (REPs) and the environment.

Initially, these new advanced meters will provide the capability for remote meter reading, virtually eliminating the need to go house to house to read each consumer's meter. Beginning in September 2009, these meters will also provide CenterPoint Energy the ability to remotely connect and disconnect electric service, which should significantly reduce the time required for service connections and reduce the time to switch REPs. Eventually, the meters will be able to function interactively with compatible home-area-network devices, allowing consumers to remotely operate thermostats and other electric appliances. The new meters will also enable REPs to offer new products and services to their customers, such as prepaid electric service, time-of-use rates, and other energy management services.

Why does CenterPoint Energy want to install AMS at this time?

There are two basic reasons: 1) the need to conserve resources through more efficient use of energy; and 2) to move the electric grid into the digital age. The Internet has shaped expectations for information access, but the utility industry lags behind. Imagine filling up your car's gas tank without seeing the price per gallon or how many gallons you bought until receiving a bill weeks later. Today, consumers cannot get real-time electric consumption and cost information due to the industry's technology gap. As energy-related expenses rise along with concern for the environment, the time is right to implement CenterPoint Energy's Advanced Metering System.



CenterPoint Energy believes
consumer
that consumer education

is a very important part of
education
achieving the benefits of an

advanced metering system.
benefit

How much will AMS cost?

The estimated total capital costs for building this system is \$640 million, including advanced meters, communications infrastructure, and the necessary back-office infrastructure. In addition, CenterPoint Energy has included \$7.5 million to provide in-home monitors for low-income customers and \$5.6 million for consumer education on how to use these meters. However, these amounts are subject to adjustments in future proceedings to reflect actual costs incurred and any required changes in scope.

How much will consumers pay?

CenterPoint Energy will recover the cost of the advanced metering system through a monthly charge to REPs. The monthly surcharge for the first 24 months, beginning in February 2009, will be \$3.24 per month; thereafter, the surcharge will be reduced to \$3.05 per month. The monthly surcharge assessed on all REPs would extend over 12 years. In addition to the meter, the monthly charge covers the communications infrastructure and back-office computer systems to manage the real-time electric usage data. Consumers should check with their REP to see how these charges will be handled.

Will CenterPoint Energy provide consumer education?

Yes. CenterPoint Energy believes that consumer education is a very important part of achieving the benefits of an advanced metering system. Consumer education will be an important element of the AMS deployment to help customers understand how the technology can be used to monitor energy use. CenterPoint Energy has included \$5.6 million in its deployment plan to provide customer education.

Will CenterPoint Energy provide assistance to low-income consumers?

Yes. In the City of Houston alone, CenterPoint Energy estimates there are approximately 135,000 low-income consumers. In order for low-income consumers to be able to take advantage of some of the benefits of advanced metering, CenterPoint Energy has committed to spend \$7.5 million. As part of this commitment, the company intends to provide low-income customers, either directly or through a voucher program, an in-the-home device that will allow these consumers the ability to directly monitor their electrical usage.

When will my meter be installed?

CenterPoint Energy will begin installing the meters in March 2009, and 145,000 meters are expected to be installed during this first year. Approximately 500,000 meters will be installed over the next four years until all 2 million meters in CenterPoint Energy's service territory are replaced. Installation of the advanced meters will begin in central Houston and will radiate out based on meter-reading routes. Door hangers will let consumers know when the new meter has been installed.