



July 21, 2006

Narrative Statement

Proposed Broadband over Power Line (BPL)

Extended Trial in Houston Texas

CenterPoint provides electric transmission and distribution service in the Houston metropolitan area and provides gas service in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas to a combined total of 5 million customers. CenterPoint plans to deploy BPL to pass 45,000 electric customers and to 20,000 gas customers. The BPL systems will be used to test utility applications, such as automated meter reading services. CenterPoint will also be testing the scalability of BPL technology, which will determine the extent to which CenterPoint deploys BPL further.

Integration and Extended Trial Deployment By: **CenterPoint Energy**

Energy Utility Company: **CenterPoint Energy**

BPL Product Manufacturer: **Kaicom Networks, Inc**

I. Overview of Proposed Operation

Through these tests, CenterPoint will test multiple aspects of the Equipment, including its performance, capacity, signal quality, data rates, interference potential and user acceptability. CenterPoint Energy and IBM have agreed to jointly deploy a BPL extended pilot in the Houston area to test utility applications such as electronic meter reading as well as connect/disconnect of service. For this extended pilot, CenterPoint Energy will use a product manufactured by Kaicom Networks Inc. An area has been identified within a 3.2 kilometer radius of Houston, TX (Harris County), location of equipment is at the corner of Richmond and Las Palmas with a radius of 2 miles. The zip code of operation is 77027

BPL is being tested today across the United States of America. CenterPoint Energy has a test trial located in the Bellaire, Texas area, and it is our intention to develop a full utility wide deployment plan for CenterPoint Energy after successful completion of this extended pilot in the Houston area.

II. Details of Proposed Operation

CenterPoint Energy intends to install Kaicom's BPL product to establish system functionality and viability for full scale deployment. CenterPoint will be using BPL for utility applications such as time of use meter reading and remote connect/disconnect. Other utility applications will be tested such as automated power grid switching as well as other developing applications. The objective is to measure system reliability, quality of service, and scalability across the power grid.

Details regarding the technical parameters of the proposed operation are provided below:

Time Period

Eighteen months: July 22, 2006 – January 21, 2008

Location(s)/ Geographic Area

Houston, TX (Harris County), location of equipment is at the corner of Richmond and Las Palmus with a radius of 2 miles. The zip code of operation is 77027

Equipment

The Equipment will include 20 overhead nodes and 20 customer premise equipment devices.

Manufacturer: Kaicom Networks, Inc.

Model #: 2220E BPL Repeater

FCC Type Acceptance: FCC testing underway

Emission Designator: OFDM with 1536 carriers

Frequency Range

2 MHz to 34 MHz

Maximum ERP or EIRP, if applicable

Tests will comply with Part 15 emissions limits

III. Certifications

CenterPoint certifies as follows regarding the proposed operations:

- (i) It will not market, sell or lease equipment to end users;
- (ii) It will not charge fees for use of equipment;
- (iii) At the conclusion of the testing period, it will recall and recover all devices that do not comply with FCC regulations;
- (iv) It understands that operation of unapproved devices must not cause interference and will takes steps to resolve any interference, including discontinuance of operation;

IV. How the program of experimentation has a reasonable promise of contribution to the development, extension, expansion or utilization of the radio art, or is along line not already investigated.

CenterPoint Energy has an extensive network design experience across multiple access technologies including, Fiber, DSL, Microwave, Sonet, PLC, BPL, Frame Relay, ISDN and Wireless. As a Utility, CenterPoint Energy has over 30 years experience operating communications systems for the power grid. Kaicom has joined the industry to produce and manufacture technology to implement BPL. CenterPoint Energy is confident that Kaicom's BPL product will add even more credibility to the ever expanding BPL market, and will help prove the technological viability and add to the broadband market growth in years to come.

BPL has been identified by FCC chairman, Michael K. Powell as having;

"The potential to provide consumers with a ubiquitous third broadband pipe to the home" and "Broadband over power lines is at the cutting edge of this dramatic digital migration that will continue to free applications (e.g., voice, data, and video) from the regulatory and technological shackles that have tied them to specific platforms (e.g., voice to copper and video to coaxial cable)".