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February 2, 2021

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

**RE: In the Matter of an Inquiry into CenterPoint Energy's Request for Approval of its
Advanced Metering Project
Docket Nos. G-008/M-21-48, E,G-999/CI-20-492**

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") is filing this letter with the Minnesota Public Utilities Commission ("Commission") to better explain the scope of the Advanced Meter Project proposed in the Company's December 18, 2020 filing in Docket No. E,G-999/CI-20-492, refiled in Docket No. G-008/M-21-48 on January 19, 2021, and how that scope compares with the previous description of the Advanced Meter Project in the Company's September 15, 2020 filing in Docket No. E,G-999/CI-20-492.

The Company had previously discussed the Advanced Meter Project in its September 15, 2020 Compliance Filing in Docket No. E,G999/CI-20-492, as a Phase 2 investment that would require additional process and review, and begin in 2022. The scope of the Advanced Meter Project was described as the replacement of substantially all residential meters in CenterPoint Energy's service area with next generation gas meters. The Company initially estimated the associated cost at approximately \$280 million.

Subsequently, the Company determined it would be valuable to move a limited scope of the full Advanced Meter Project into 2021, to begin installation of these meters in the normal course of meter replacements and new meter installations (Phase 1) while we continued to develop and refine the details of the full Phase 2 plan. The Phase 1 plan was reflected in CenterPoint Energy's December 18, 2020 Filing and involves the installation of approximately 23,000 Itron Intelis meters annually for new residential service and in cases of damaged, obsolete, or failed residential meters which require replacement. We have forecasted that this project will result in incremental capital costs of approximately \$1.5 million in 2021, due to the higher cost of this next generation meter. The Company has requested approval to defer the incremental costs of Phase 1 for future recovery.

Phase 2 of the Advanced Meter Project, which is now proposed to begin in 2023, involves the full deployment of advanced meters with integrated safety features, including the replacement of substantially all residential meters in CenterPoint Energy's service area with next generation gas meters. In support of Phase 2, CenterPoint Energy intends to file a full deployment plan and supporting business case in the coming months.

Given the scope of Phase 2 of the Advanced Meter Project, the Company anticipates that consideration of Phase 2 will require a longer Commission process. However, we hope to move forward with the Phase 1 proposal to begin installing these advanced meters in the ordinary course for new residential service and in cases of damaged, obsolete, or failed residential meters which require replacement in 2021, as further evaluation of the full deployment proposal continues.

Proceeding with Phase 1 in 2021 will provide significant benefits through increased safety and quality of service. Further, learnings from the more limited implementation in Phase 1 can be used to help inform and shape Phase 2 implementation.

The Company is submitting this letter to help clarify the scope of the Phase 1 (beginning in 2021) and Phase 2 (proposed to begin in 2023) of the Advanced Meter Replacement Project, along with CenterPoint Energy's plans to provide additional Phase 2 project details in the coming months. While review of Phase 2 of the Advanced Meter Project is anticipated to require additional time and process, we hope to proceed with Phase 1 while the evaluation of the Phase 2 is underway.

Please contact me at (612) 321-4625 or amber.lee@centerpointenergy.com with any questions.

Sincerely,

/s/ Amber Lee

Amber Lee
Director, Regulatory Affairs

cc: Service Lists

CERTIFICATE OF SERVICE

Melodee Carlson Chang, on behalf of CenterPoint Energy Minnesota Gas, certifies she served the attached letter on all parties on the service lists in Docket Nos. G-008/M-21-48 and E,G-999/CI-20-492 on February 2, 2021.

/s/

Melodee Carlson Chang