

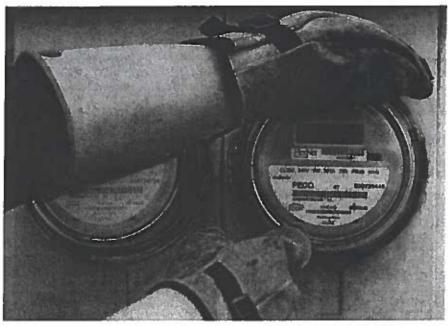
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After tests, Peco to resume smartmeter installations



The meters are to be installed in a \$050 million initiative - the largest technology investment in Peco's history. (MICHAEL S. WIRTZ / Staff Photographer)

By Andrew Maykuth, INQUIRER STAFF WRITER POSTED: October 10, 2012

> Peco Energy Co. announced Tuesday it will resume its ambitious smart-meter installation program after pulling the plug on a manufacturer whose devices had been linked to a series of fires.

The Philadelphia utility suspended the \$650 million program in August after several incidents in which the electronic devices overheated and caught fire. Two of the incidents resulted in serious house fires, though none resulted in injuries.

Peco hired Underwriters Laboratories (UL) and two independent consultants to examine the meters. Their reports convinced the utility to swap out all the meters manufactured by Sensus Metering Systems

Inc. of Raleigh, N.C., with those made by a Swiss vendor, Landis & Gyr AG.

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"We determined that the L&G meter is the best solution for Peco customers, that it performed better in the field, and that was confirmed by testing," said Cathy Engel Menendez, Peco's spokeswoman.

At the time it suspended installations, Peco had deployed 201,642 meters, including 186,000 Sensus devices. Since August, it has replaced about half the Sensus meters with L&G devices.

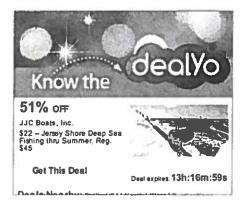
Peco said it will replace the remaining 96,000 Sensus meters during the next 45 days and would then resume its installation program. Customers will be notified by mail and phone before the new meter is

The utility hopes the decision to swap out the Sensus meters will restore confidence in the program's safety. Peco also promises to fully test any new meter models used in the future.

"We have taken unprecedented steps to test our meters," Peco president Craig Adams said in a statement.

The decision is a setback for the utility's plan to update its electric distribution system, which is supported by a \$200 million





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federal smart-grid grant. Under terms of the stimulus grant, Peco promised to install 600,000 smart meters by April, 2014.

Utilities across the nation are installing digital smart meters to replace analog, mechanical devices. The industry has installed about 40 million advanced meters, including 10 million Sensus devices.

The new-generation meters are equipped for two-way communication with the utility, allowing for more sophisticated grid management and outage control. The devices also generate constant readings, allowing suppliers to offer hourly pricing to customers who want to shift their consumption to cheaper off-peak hours.

But the new technology has spawned spirited opposition from customers who fear the wireless transmissions are unhealthy and the meter data might be misused. Regulators dismiss the concerns, but they feared that Peco's misadventures would strengthen opponents.

Peco is in an awkward relationship with Sensus, a private company that is one of the nation's leading meter makers. Sensus designed the communications infrastructure that is at the core of Peco's smart-grid project and, though its meters will no longer be used, it remains employed by Peco as a lead contractor.

Peco was careful not to blame the meters for the fires, but by ditching the Sensus devices, the implication is unmistakable that it believes the firm's devices are more susceptible to electrical overloads.

A Sensus spokesman said the company was disappointed, but insisted its devices are safe. Sensus has installed 2 million meters nationwide of the same model that Peco had bought.

"All of the investigations we've seen have proven the meter is not the problem, the Sensus meter is not a problem," said Randolf Wheatley, the company's vice president of corporate marketing.

Sensus maintains that the incendiary Peco meters and others that caught fire in Texas, Georgia, California and Canada were all tied to faulty installations - loose connections in the sockets into which the meter is plugged, which lead to electrical resistance, overheating and a meter meltdown.

Peco says it is still negotiating with Sensus over which company will absorb the expense of swapping out 186,000 meters. If Peco pays, the utility could seek to recover the extra cost from customers, said Engel Menendez.

Peco and other Pennsylvania utilities are required to install the smart meters under the 2008 state energy conservation law known as Act 129.

The Pennsylvania Public Utility Commission, which has strongly endorsed plans to migrate to smart meters, commended Peco at a meeting in September for moving proactively to get the program under control. But the PUC could ultimately punish the utility if it finds that Peco violated any rules.

"The PUC is continuing with its review of Peco's actions surrounding the installation and failures of its advanced meters," Jennifer Kocher, the commission's spokeswoman, said Tuesday.

"The decision to suspend the installation was self-imposed as is the decision to restart the installations," she said. "We will be monitoring the installations as part of our review."

Peco did not immediately release the results of its independent tests, which were conducted by Exponent Engineering and Scientific Consulting, of Menlo Park, Calif., and the National Electric Energy Testing Research and Applications Center (NEETRAC), which is affiliated with Georgia Tech.

As part of its response to the fires, Peco installed new software so the meters shut down automatically if they overheat.

"Customers can be assured if there's any kind of emergency, their meter has the capability to send us an alarm and to shut down," said Engel Menendez.

Customers with concerns about their smart meters can call Peco at 855-741-9011.

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