

**Legal Department**

Exelon Business Services Company  
2301 Market Street/523-1  
P.O. Box 8699  
Philadelphia, PA 19101-8699

Telephone 215.841.4000  
Fax 215.568.3389  
www.exeloncorp.com

Business Services  
Company

February 16, 2011

**Via Overnight Mail**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

RECEIVED  
FEB 16 2011  
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: **Report of PECO Energy Company on Implementation of its Smart Meter  
Technology Procurement and Installation Plan: Docket No. M-2009-2123944**

Dear Secretary Chiavetta:

Enclosed for filing and approval, please find agreements between PECO Energy Company ("PECO") and four vendors for materials and services for the implementation of PECO's Smart Meter Technology Procurement and Installation Plan, which was approved by the Commission with certain modifications on May 6, 2010 (the "Plan") in the above-captioned docket. The enclosed agreements are with (i) Sensus USA, Inc. ("Sensus"), which will serve as PECO's smart meter network vendor and will also supply a portion of PECO's smart meters, (ii) smart meter equipment suppliers Landis+Gyr Inc. ("Landis+Gyr") and Elster Solutions, LLC ("Elster") and (iii) VSI Meter Services, Inc. ("VSI"), which will serve as PECO's smart meter installation contractor. Due to the size of the agreements, PECO has enclosed one original of each enclosure and a compact disk with copies.

**Please note that the enclosed Agreements are CONFIDENTIAL and should be accorded such treatment.**

**Background**

The attached agreements are the result of a competitive vendor selection process, which was begun by PECO's multi-disciplinary team of technology and project management subject matter experts in August 2009. A detailed Request for Proposal ("RFP") was initially sent to 26 suppliers of smart meter networks, meters, installation services, and IT integrators. Final selection was based on the overall best value for PECO. The system selected was required to have the technical features and capabilities to meet the requirements of Act 129 as set out in the Commission's Smart Meter Procurement and Installation Order<sup>1</sup> and to comply with grant requirements under the Department of Energy's Smart Grid Investment Grant program.

<sup>1</sup> *Smart Meter Procurement and Installation*, Docket No. M-2009-2092655 (Order entered June 24, 2009).

In the Plan, PECO indicated that it would file for “Related Approvals” of contracts relating to AMI technology vendors. On September 14, 2010, PECO filed with the Commission a Progress Report detailing the selection process and attaching letters of intent for certain vendors which allowed work to commence in advance of final contract execution. Consistent with the letters of intent and in order to meet the grace period deadline for installation of the Smart Meter network, PECO has begun work on the Advanced Metering Infrastructure.

#### Contents of Filing

This filing contains the following documents: (1) Advanced Metering Infrastructure, Service Delivery Platform, Master Services and Software License Agreement Between PECO and Sensus, which specifies the terms and conditions under which Sensus will build an Advanced Metering Infrastructure System that is compliant with Act 129<sup>2</sup> and under which it will also provide a portion of PECO’s smart meters, (2) Services and Materials Agreement between PECO and Landis+Gyr which specifies the terms and conditions under which Landis+Gyr will provide a portion of PECO’s Act 129 compliant smart meter equipment, (3) Services and Materials Agreement with Elster Solutions, LLC which specifies the terms and conditions under which Elster will provide a portion of PECO’s Act 129 compliant smart meter equipment, and (4) Services and Materials Agreement between PECO and VSI which specifies the terms and conditions under which VSI will provide services for the deployment of approximately 600,000 smart meters within PECO’s service territory by April 2013.

While work and expenditures for portions of PECO’s Plan have begun consistent with the letters of intent and attached agreements, PECO is asking the Commission for approval of the agreements through this filing. PECO will seek recovery of costs related to these agreements through the section 1307 cost-recovery mechanism detailed in its smart meter filing (Docket No. M-2009-2123944).

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<sup>2</sup> See *Id.*

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission

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Kindly return a time-stamped copy of this cover letter in the self-addressed stamped envelope that is enclosed. Please do not hesitate to contact me at 215-841-5974 should you have any questions.

Very truly yours,



Jeanne J. Dworetzky  
Assistant General Counsel

Enclosures

Cc: (Via Overnight Mail - w/out enclosures)  
Robert F. Wilson, Director, Bureau of Fixed Utility Services  
Bohdan R. Pankiew, Chief Counsel, Law Bureau

(Via U.S. Mail- w/out enclosures)  
Parties on the attached Certificate of Service

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**PETITION OF PECO ENERGY :  
COMPANY FOR APPROVAL OF ITS :  
PROCURE TIER II ALTERNATIVE : Docket No. M-2009-2123944  
SMART METER TECHNOLOGY :  
PROCUREMENT AND INSTALLATION :  
PLAN :**

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have served this day the foregoing document(s) without enclosures upon the following persons in the manner specified, in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA FIRST CLASS MAIL**

Tanya J. McCloskey, Esquire  
Senior Assistant Counsumer Advocate  
Jennedy S. Johnson, Esquire  
Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[jjohnson@paoca.org](mailto:jjohnson@paoca.org)

Richard A. Kanaskie  
Senior Prosecutor  
Carrie B. Wright, Prosecutor  
Pennsylvania Public Utility Commission  
Office of Trial Staff  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120  
[rkanaskie@state.pa.us](mailto:rkanaskie@state.pa.us)  
[carwright@state.pa.us](mailto:carwright@state.pa.us)

Daniel G. Asmus  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101  
[dasmus@state.pa.us](mailto:dasmus@state.pa.us)

Harry S. Geller  
John C. Gerhard  
Julie George  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, Pa 17101-1414  
[hgellerpulp@palegalaid.net](mailto:hgellerpulp@palegalaid.net)  
[jgerhardpulp@palegalaid.net](mailto:jgerhardpulp@palegalaid.net)  
[jgeorgepulp@palegalaid.net](mailto:jgeorgepulp@palegalaid.net)

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Charis Mincavage  
Barry A. Naum  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17103-1166  
[cmincavage@mwn.com](mailto:cmincavage@mwn.com)  
[bnaum@mwn.com](mailto:bnaum@mwn.com)

Aspassia V. Staevska  
Assistant Counsel  
Commonwealth of Pennsylvania  
Department of Environmental Protection  
RCSOB, 9<sup>th</sup> Floor  
400 Market Street  
Harrisburg, PA 17101-2301  
[astaevska@state.pa.us](mailto:astaevska@state.pa.us)

Divesh Gupta  
Senior Counsel  
Constellation Energy  
111 Market Place, Suite 500  
Baltimore, MD 21202  
[Divesh.gupta@constellation.com](mailto:Divesh.gupta@constellation.com)

Kenneth T. Kristl  
Widener Environmental and Natural Resources  
Law Clinic  
4601 Concord Pike  
Wilmington, DE 19803  
[ktkristl@widener.edu](mailto:ktkristl@widener.edu)



Jeanne J. Dworetzky  
Pa. Atty. I.D. No. 62389  
Exelon Business Services Company  
2301 Market Street, S23-1  
Philadelphia, PA 19103  
Phone: 215.841.5974  
Fax: 215.568.3389  
[Jeanne.dworetzky@exeloncorp.com](mailto:Jeanne.dworetzky@exeloncorp.com)  
*Counsel for PECO Energy Company*

Dated: February 16, 2011

From: (215) 841-5353  
Anita Zaketa

Origin ID: REDA



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S23-1  
Philadelphia, PA 19103



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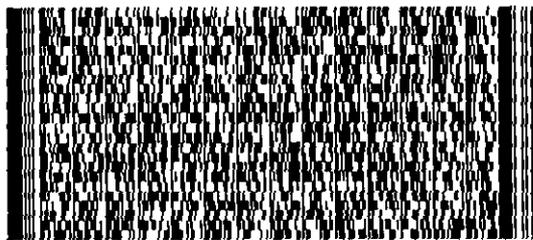
**Rosemary Chiavetta, Secretary**  
**PA Public Utility Commission**  
**400 NORTH ST FL 2**  
**COMMONWEALTH KEYSTONE BUILDING**  
**HARRISBURG, PA 17120**

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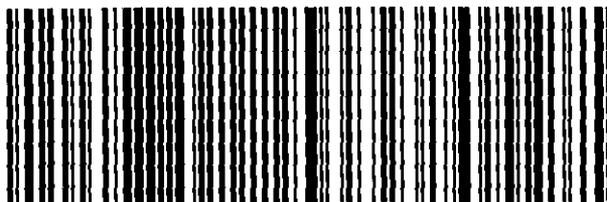


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