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June 23, 2011

Via Overnight Mail

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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JUN 23 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Adjustment of Meter Testing Protocols to Support Implementation of PECO's Smart Meter Implementation Plan Docket# M-2009-2123944

Dear Secretary Chiavetta:

On October 15, 2008, Governor Edward Rendell signed Act 129 of 2008 ("Act 129") into law. Act 129 required each electric distribution company to develop a smart meter procurement and installation plan to be approved by the Pennsylvania Public Utility Commission ("Commission").

PECO filed a petition for approval of its Smart Meter Technology Procurement and Installation Plan ("the Plan") on August 14, 2009.¹ As part of the Plan, PECO proposed to install 600,000 smart meters during a 30-month period. PECO's Plan, as amended by a settlement, was approved by the Commission on May 6, 2010. Pursuant to the Commission-approved Plan, PECO will test and install the 600,000 smart meters and related-infrastructure starting early next year through mid-2013.

Consistent with discussions we have had with various stakeholder's, PECO plans to swap out 600,000 existing Automated Meter Reading ("AMR") meters with 600,000 new Advanced Meter Infrastructure meters ("AMI" or "smart meters") during this period. PECO currently tests its existing AMR meter population through its Random Sampling and Periodic Testing Meter Sampling programs. Under the Random Sampling Program, PECO randomly selects a set amount of meters each year to test for accuracy and viability. Under the Periodic Testing Meter Selection program, PECO tests certain meters according to an established testing cycle for accuracy and viability. This cycle may span between 8 and 16 years. Each year, PECO determines which meters will be tested during the particular testing cycle year.

¹ *Petition of PECO Energy Company for Approval of its Smart Meter Technology Procurement and Installation Plan, Docket No. M-2009-2123944.*

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June 23, 2011
Page 2

In support of PECO's plan to remove 600,000 AMR meters and install the 600,000 AMI meters over the next two years PECO plans to adjust the above-described meter testing protocols. PECO will test every AMI meter before it is installed. PECO will also test every AMR meter after it is removed. This "As Found" testing will replace the normal random and periodic testing program (where we test approximately 4,000 meters annually) and will far exceed the number of meters that will be tested.

PECO believes the benefits of this approach are in the public interest. For instance, As Found testing will ensure a smooth transition from an AMR to AMI network. It will gather far more information than the normal random and periodic programs are designed to obtain. In addition, PECO and its customers will be able to avoid the expense and time associated with random or periodic testing of meters. This adjustment will result in a total estimated savings of \$162,000, over the 3 year installed period which will be flowed back to customers through a credit to PECO's Smart Meter Cost Recovery Surcharge. PECO proposes to forgo the random and periodic programs starting in 2011 to allow the savings to commence immediately and eliminate any customer confusion and inconvenience due to removing meters for sampling in 2011 and then replacing the meter in 2012 or 2013.

In sum, by adjusting its testing protocols, PECO will be able to save customers money, ensure the accuracy of its meters and more efficiently focus its time and resources on implementing its Commission-approved Smart Meter Plan.

Please do not hesitate to contact me should you have any questions.

Sincerely,



Richard G. Webster, Jr.
Director
Rates & Regulatory Affairs

cc: Paul Metro, Bureau of Transportation and Safety
Robert F. Wilson, Bureau of Fixed Utility Services
Paul T. Diskin, Bureau of Fixed Utility Services
M. Carl Lesney, Bureau of Audits
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Service List

PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company

: DOCKET NO. M-2009-2123944

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants, listed below, in the manner indicated below:

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Dated: June 23, 2011

From: (215) 841-5776
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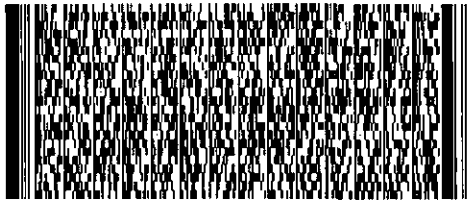
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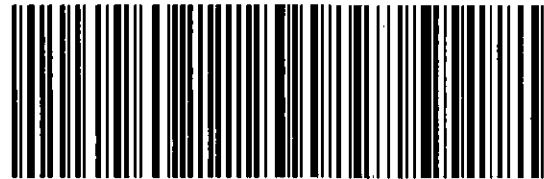
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